

**UTILITY CONSUMER REPRESENTATION FUND
ANNUAL REPORT**

CALENDAR YEAR 2018

UTILITY CONSUMER PARTICIPATION BOARD

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

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 2018, 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 \$1,583,945 (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 \$204,380 (adjusted annually). Together they remitted \$1,788,325 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 2018 budget authorization for the UCPB was \$750,000. Of that amount, \$641,595 was available for awarding FY 2018 grants and \$37,500 was allocated for administrative costs.

In 2018, AY 2018 grants totaling \$702,166 were awarded to: Citizens Against Rate Excess (CARE), Michigan Environmental Council (MEC), the Residential Customer Group (RCG), and the Great Lakes Renewable Energy Association (GLREA). The above groups advocated on behalf of Michigan residential ratepayers and the areas of focus in 2018 were: analyzing Purchase Power Agreements; assessing the impact of the Tax Cut and Jobs Act of 2017 on refunds due 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.

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ATTACHMENT A

UCRF Grant Activity and Results for 2018 Calendar Year

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UCRF 2018 Grantees Membership Scope and Description

Questions regarding this report should be addressed to:

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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 341 of 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 2017 calendar year.

From January 1, 2018, to December 31, 2018, the board awarded \$702,166 from FY 2018 funds to a consortium of several nonprofit consumer groups. Grant recipients in 2018 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 2018, 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.

In 2014, the board, based on financial reports from LARA, had interpreted the proper use of the reserve funds to be for funding future grants. The Attorney General interpreted that the funds were to be split 50/50 between the grant program and funding for their office. As a result, the board agreed to reduce future grant awards to allow the reserve fund to be rebalanced to reflect the 50/50 allocation. Once informed of the issue, the board took immediate steps to reduce and curtail 2015 grant approvals and has since reduced grant

awards in order to rebalance the fund.

Honoring an agreement between the board and the Attorney General's office regarding unspent UCPB funds, the board continued to re-balance the fund for the fourth year of a four-year agreement. The understanding going forward is that any unspent UCRF funds at the end of the fiscal year will be carried forward to the respective UCPB or Attorney General accounts within the fund from which they were originally awarded.

2. UCPB MAJOR RESPONSIBILITIES

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 2018

The Board approved and maintained a bimonthly meeting schedule in 2018. Regular meetings were held February 12, April 9, June 4, August 6, August 27, October 1, and December 3. 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 on the following topics:

- December 3, 2018 ITC/METC through Kwafu Adarkwa and Chuck Marshall gave a presentation on role of Static VAR Compensators (SVC).

Amendments and approval of new grants occurred on February 12, April 9, June 4, August 6, August 27, October 1 and December 3.

The 2018 UCRF Grant Announcement and Application were distributed on July 11, 2017.

The 2019 regular meeting schedule was approved on December 3, 2018. 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 2018

2/12/2018

MEC Amendment to Grant 18-04 for an increase of \$64,690 was approved and divided between U-18419 for \$5,100 (DTE CON/IRP), U-18232 for \$40,400 (DTE REP), U-18352 for \$19,190 (DTE Voluntary Renewable Case).

Experts from the Applied Economic Clinic from Tufts University were approved.

CARE Amendment to Grant 18-01 for an increase of \$30,000 was approved and divided between U-18147-R for \$15,000 (UPPCO PSCR-R), U-18149-R for \$15,000 (UMERC PSCR-R).

RCG Amendment to grant 18-05 for an increase of \$22,119 was approved for U-18424 (CECO gas rate case).

4/9/2018

Mike Moody on behalf of the Attorney General; the AG intends to intervene in the Tax Cuts and Jobs Act of 2017 brought before the MPSC.

MEC Amendment to Grant 18-04 for \$30,000 for U-20069 (DTE PSCR-R) was approved and \$15,150 for U-20165 (CECO IRP) was

approved.

CARE Amendment to Grant 18-02 for second half of funding, \$17,500 for (FERC/MISO Cases) was approved and \$14,544 for U-20111 (UPPCO TCJA) was approved.

RCG Amendment to Grant 18-05 for TCJA for credit A and B for CECO gas and electric and DTE gas and electric cases, \$15,000 was approved and to be divided among the cases.

6/4/2018

MEC Amendment to grant 18-04 for transfer of \$10,100 from U-18232 to U-18352 (DTE Voluntary Renewable Energy Plan) was approved.

MEC Amendment to grant 18-04 for \$21,210 for U-20134 (CECO Rate Case) was approved contingent on funds coming back to UCRF from MEC.

MEC Amendment to grant 18-04 for \$15,150 U-20165 (CECO 6t IRP Case) was approved contingent on funds coming back to UCRF from MEC.

MEC Amendment to grant 18-04 for \$15,150 U-18412 (DTE Gas GCR Plan Case) was approved contingent on funds coming back to UCRF from MEC.

CARE Amendment to 18-01 for \$15,000 for U- 20350 (UPPCO IRP) was approved.

RCG Amendment to 18-05 for \$18,180 for U-20134 (CECO Electric Rate Case) was approved.

RCG Amendments to 18-05 for \$8,484 for U-20068 (CECO PSCR-R) was approved.

RCG Amendments to 18-05 for \$909 for CECO and DTE gas and electric credit B refunds was denied.

8/6/2019

MEC Amendment to grant 18-04 for \$8,084 for U-20134 (CECO Rate Case) was approved contingent upon funds coming back to UCRF from MEC.

MEC Amendment to grant 18-04 for \$12,120 for U-20162 (DTE Rate Case) was approved contingent upon funds coming back to UCRF from MEC.

MEC Amendment to grant 18-04 for a transfer of \$11,490 from expert to legal for U-18403 (DTE PSCR Case) was approved.

8/27/2018

Discussion regarding hiring an outside person or group to do an analysis for the board to use to assist the board in prioritizing cases now that the law has expanded the number and types of cases the UCPB can fund, but the budget has not been equally expanded. The board will get input from LARA and the Attorney General's office about proceeding.

Attorney General previewed all of the cases and which they will likely intervene in 2019.

MEC: James Clift gave an overview of MEC.

2019-04 UCRF Grant request for \$146,450 was approved and divided between U-20134 \$15,150 (CECO Rate Case), U-20165 \$35,350 (CECO 6t IRP), U-20162 \$85,850 (DTE Rate Case), and U-20069 \$10,100 (DTE 2017 PSCR-R). Expert George E. Sansoucy was approved. No action was taken on UCRF Grant requests for U-20221 \$40,400 (DTE PSCR Plan Case) and U-20165 \$101,000 (DTE 6t IRP).

CARE: John Liskey gave an introduction and overview of CARE.

2019-01 UCRF Grant request for \$122,500 was approved and divided between U-20276 \$60,000 (UPPCO Rate Case), U-20229

\$15,000 (UPPCO PSCR Case), U-20227 \$15,000 (UMECR PSCR Plan Case), and U-20350 \$15,000 (UPPCO 6t IRP Case). 2019-02 UCRF Grant request for \$17,500 was approved for MISO/FERC federal proceedings. No action was taken on UCRF Grant requests for U-20206 \$15,000 (UPPCO PSCR-R Case) and U-20208 \$15,000 (UMERC PSCR-R Case)

RCG: 2019-05 UCRF Grant request was approved for U-20219 \$16,665 (CECO PSCR Plan Case). No action was taken on UCRF Grant requests for U-20134 (CECO Rate Case), U-20165 (CECO 6t IRP Case), U-20162 (DTE Rate Case), U-20221 (DTE PSCR Case), (CECO Gas Rate Case), (DTE Gas Rate Case), U-18322/U-20275 (CECO refund of self-implementation of electric rate case), U-18255/U-20258 (DTE refund of self-implementation of electric rate case), U-20069 (DTE 2017 PSCR-R), U-20028 (CECO 2017 EWR Plan Case), U-20029 (DTE EWR-R Case).

GLREA: John Freeman gave an overview and history of GLREA.

2019-03 UCRF Grant request for \$73,326 was approved and divided between U-20165 \$36,663 (CECO 6t IRP Case) and U-20162 (DTE Rate Case). Approval of experts: Jerry E. Mendl and David Kondle.

No action taken on UCRF Grant requests for U-20471 (DTE 6t IRP Case), U-18402 (CECO PSCR Plan Case), and U-20221 (DTE PSCR Plan),

10/1/2018

Discussion of project with the scope of work framed by: types of cases and their effect on residential rate payers, the magnitude of this effect and comparison of other rate payers. The Mott Foundation may consider a grant that would encompass this work.

MEC: Amendment to Grant 19-04 was approved for \$40,400 (DTE PSCR Plan Case).

RCG: Lola Killey gave an overview of RCG and what they advocate for.

Amendment to Grant 19-05 was approved for \$20,000 U-20165 (CECO 6t IRP Case), \$15,150 U-20287, U-20189, U-20286, U-20284 (CECO and DTE Credit B Tax Cases gas and electric).

CARE: Amendment to Grant 19-01 was approved for \$25,000 U-20150 (UPPCO RDM Case).

12/3/2018

Mott Foundation Project: Jan Beecher gave an overview of the project funded by the Mott Foundation.

MEC: Amendment to Grant 19-04 no cost transferred from expert to legal was approved for U-20165 (CECO 6t IRP), U-18352 \$40,400 (DTE Voluntary Renewable Energy Case) was approved.

GLREA: Approval of experts; Robert N. Rafson, P.E., and John Richter.

Board approved UCPB 2019 meeting dates: February 4, April 8, June 3, August 5, August 26, October 7, and December 2.

Total Amount of 2018 UCRF Grant Funding Awarded in 2019 = \$397,877

Total 2018 Grant Authorization = \$712,500

Total 2018 Grants Awarded (All Years) = \$887,668

Unspent 2018 Grant Authorization = \$4,653

Total Amount of 2019 UCRF Grant Funding Awarded in 2018 = \$489,791

Rebalancing Amount (End of 2019) = \$65,616

2.3 Resource Availability

The total UCRF funding requested by applicants in the initial 2018 authorization year grant cycle was: \$712,500. The UCRF authorization for grants was \$702,166¹. The board determined that grants would be prioritized and awarded in phases. This allowed the

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.

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.

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 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.
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. Discontinued the use of court reporting services.

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 recover 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 plans 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 2018 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**:

CARE continued advocacy in case U-18406 for the cancelling of the WPS purchase power contract, which CARE had been advocating for several cycles. Residential ratepayers saved approximately \$3,645,000 per year. A benefit-cost ratio of 72:1 (all cases included).

CARE participated in U-18408, the reconciliation case will need to take into account the Tax Cut and Jobs Act of 2017.

CARE opposed the protective order in U-20111 and the order was modified. CARE supported MPSC staff proposal regarding the reduction of required revenue should be based on the customer class contribution to net income which favored residential ratepayers. Residential ratepayers saved \$1,416,000, CARE claims 10% a 11:1 benefit-cost ratio.

CARE participated in U-20072 reconciliation case and agreed with MPSC Staff (Staff) audit.

CARE participated in U-20074 reconciliation case and agreed with Staff audit.

CARE has been a voting member of the MISO advisory Committee and the Consumer Advocates Sector. CARE focused on SSR payments for keeping the Presque Isle plant open. The cost of the SSR payments after years of litigation was reduced the liability by 23 million. CARE also advocated HVDC to be considered generation and be part of DTE's mix. Although rejected by MISO it found the view innovative and submitted them to a prominent national publication, Electric Power Research Institute. CARE participated in FERC Order 841 and supported a proposal that allowed the Ludington Pumped Storage facility to be a part of the day-ahead MISO market and MISO adopted it as part of the tariff they submitted to FERC. This could save \$3 million per year across all rate classes of DTE and Consumers customers. CARE participated in the Return on Equity proceedings and the savings to ratepayers is estimated to be \$3 million per year on PSCR costs.

RCG argued in U-18142 the CECO should select Option A under its purchase option regarding 7.5 mile Zeeland lateral pipeline. CECO chose option B and continued the lease. The Commission adopted a \$700,00 downward adjustment from the \$1.7 million CECO was requesting, a savings of \$1 million. 55 to 1 benefit-cost ratio. Projected over 5 years it would be a 278 to 1 benefit-cost.

RCG advocated for the residential rate class in U-18261 to not cross-subsidize the business class. The savings to residential customers \$127 million over a three-year period a benefit-cost ratio of 1,201 to 1. If spread across the intervenors that agreed with the negotiation settlement the benefit-cost ratio becomes 4,315 to 1.

RCG advocated for policy issues in U-18262 which could result in customer savings going forward.

RCG participate in U-18411 settlement agreement and filed a statement of Non-Objection, unused funds were returned to the UCRF.

RCG argued in U-18424 that CECO's rate increase should be reduced to reflect: the reduction of federal corporate income tax; environmental projects that should be borne by the shareholders; objection to change peak day and gas storage to shift more to the residential class; cross-subsidization; objects to monthly fixed service charges; and opposition to common equity/debt ratio in favor of common equity/debt ratio. The settlement agreement brought the rate increase from \$24 million to \$10.6 million, which was the amount the ALJ in its PFD. RCG is claiming \$2.233 million in savings a 109 to 1 benefit-cost ratio.

RCG participated in U-20102 and approved the settlement agreement reached which proposed a rate reduction of \$112,690,000 in accordance the Credit A as set up by the Commission in the (Tax Cuts and Jobs Act).

RCG argued in U-20103 that the rate reduction following the (TCJA) should only apply to the residential class since the larger customer were already receiving a rate discount. The commission rejected this idea and ordered the Class A rate reduction be applied across-the-board to all rate classes.

RCG participated in all settlement discussions in U-20105 and agreed with the Class A rate (TCJA) reduction of \$156,900,000.

RCG participated in all settlement discussions in U-20106 and agreed with the Class A (TCJA) rate reduction of \$38,171,850.

RCG advocated on behalf of residential ratepayers in U-20189 and U-20286 in favor of a timely refund for Credit B (TCJA) credits and to apply the credits with the same interest rate 5.76% that DTE used when collecting the rates and not the proposed 1.6% that was proposed on the refund. The commission rejected RCG's argument and adopted all aspects of DTE's proposal.

RCG advocated on behalf of residential ratepayers in Credit B case U-20284, U-20286 and U-20287 arguing that the refund amounts were lower than what was collected; further that the refund amounts should be based upon the actual electric consumption by customers; additionally the interest rates on principal should be equitable to the rates DTE collected over the same period and finally

RCG argued for a shorter refund period than proposed. Commission rejected RCG's arguments and adopted DTE's proposals. The Commission in U-20286 ordered that interest should apply to all principal amounts until a zero balance exists.

MEC participated in U-17678-R and argued against the inclusion of litigations costs for CECO against CSXT before the Federal Surface Transportation Board saving rate payers \$1,126,990. The benefit-cost ratio was 21 to 1.

MEC advocated in U-18142 for more cost savings identified in wind power purchases which are resolved in Consumers issuing a new RFP and the economics of Karn 1 and 2 which was deferred to a general rate case. MEC also opposed recovery of \$661,000 of litigation costs regarding CSXT, Consumers abandoned the request saving ratepayers \$661,000. The benefit-cost ratio was 17 to 1.

MEC advocated for residential ratepayers in U-18322 with results affecting policies and savings in future cases. MEC recommended changing the methodology for allocating cost of line losses that would reduce residential customer costs. MEC recommended a redesign of residential rate structure. MEC joined others in recommending that the Commission disallow rate recovery of the Company's project contingency costs for capital expenditures. MEC argued against an allocation of one customer to other groups based on numbers in each class, this saved residential customers \$5.6 million. MEC argued for the deferred approval of \$1.6 million in avoidable capital expenditures at the Karn coal plant. The benefit-cost ratio was 4 to 1.

MEC prevailed in U-18255 on several issues: Denial of capital expenditures for River Rouge Unit 3, \$3.9 million in savings; reduction in capital expenditures for St. Clair Unit 4, \$150,000 savings; denial of natural gas plant development, \$30 million savings; denial of increase in residential service charge, \$1.50 per customer per month; Commission deferred issues pertaining to low income customers to DTE's EWR Plan Case, U-18262. Total benefit-cost ratio is 70 to 1.

MEC advocated in U-18352 that DTE's voluntary renewable energy program (VREP) was too expensive and did not offer enough options, The Commission agreed and denied approval of DTE's VREP. DTE filed a new plan with savings for customers signing up for it. A savings of \$1,014,000 to rate payers was achieved. The estimated benefit-cost ratio is 40 to 1.

MEC argued in U-18479 that DTE's demand response (DR) has too conservative and would need to be addressed in an upcoming IRP case. MEC also argued that DTE's renewable energy plan had inconsistencies and unreasonable restrictions placed on wind and solar and excluded PURPA contracts. These issues were recognized by The Commission and may be instructive in an IRP case as well as transmission and imports. The Commission also expects DTE to file a new rate impact analysis in its IRP case and the potential for early retirement of one or more of DTE's Tier 2 units.

4. FINANCIAL REPORTING AND GRANT ADMINISTRATION

4.1 Calendar Year 2018 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 adjusted 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	2000	\$899,000
1983	\$653,400	2001	\$930,650
1984	\$582,250	2002	\$946,150

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

In 2018, 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.

<u>Source of Calendar Year 2018 Remittance Revenue</u>		<u>Distribution of Calendar year 2018 Revenue</u>	
<u>Utility</u>	<u>Amount Contributed</u>	<u>Recipient</u>	<u>Amount Allocated</u>
Consumers Energy	\$739,416	Attorney General	\$1,000,000
DTE Electric	583,710	Intervenor Grants	712,500
DTE Gas	173,404	Administration (5%)	<u>37,500</u>
Michigan Gas Utilities	17,985		\$1,750,000
SEMCO	36,218		
Northern States Power (dba XCEL)	17,388		
Alpena Power	19,451		
American Electric Power (I&M)	32,213		
Upper Peninsula Power	87,084		
Wisconsin Electric Power	24,530		
Wisconsin Public Services	<u>55,926</u>		
TOTAL	1,788,325		

Letters were sent to each utility on 6/1/18 and all remittances were made by 09/30/2018.

In addition to the calendar year 2018 utility fees, interest was earned for the Fiscal Year ending 9/30/18. This was allocated to the Attorney General.

4.2 Fiscal Year 2018 Appropriation and Accrued Funds

Total funding available for awarding intervenor grants was \$706,820 for FY18 as shown below and \$750,000 FY18 authorization subject to budget approval.

Intervenor Grant Funding for fiscal year 2018:

Appropriation (Public Act 268 of 2016)	\$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 2017 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, 2018-December 31, 2018. Some of the cases in which UCRF grantees participate in 2018 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: CITIZENS AGAINST RATE EXCESS (CARE)

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-18406	UPPCO PSCR PLAN CASE	18-01	\$15,000	\$5500.	\$0
<p>This case was filed on October 2, 2017. CARE intervened on October 25, 2017 and filed two rounds of discovery. Testimony was prepared by Douglas Jester and filed on February 14, 2018. The Commission issued a final order on May 17, 2018. This is the first case showing the impact that cancellation of the WPS purchase power contract had on residential rates. This is an issue that CARE has been fighting for since the 2016 rate case. All ratepayers benefited from the cancellation of this contract. Residential ratepayers saved approximately \$3,645,000 per year. The ratio of money spent needs to include the money from past cases to get an accurate view of the cost vs benefit ratio. CARE, therefore, estimates a cost/benefit ratio of 72:1.</p>					
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-18408	UMERC 2018 PLAN CASE	18-01	\$15,000	\$9,864.00	\$0
<p>This case was filed on September 29, 2017. CARE intervened on October 25, 2017 and filed one round of discovery and testimony was submitted by Douglas Jester on February 5, 2018. A final Order was issued April 18, 2018. In this case, UMERC was still part of the Wisconsin Electric Power Corporation's total system and therefore this case simply allocated its power supply costs as part of a "slice of system" methodology. CARE noted that the Tax Cut and Jobs Act of 2017 was passed by Congress subsequent to the filing of this case should be taken into account in the 2018 PSCR Reconciliation case. Therefore, the case was accepted as filed and no savings is reported as a direct result from this proceeding.</p>					
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-20111	UPPCO TCJA	18-01	\$14,544	\$1,682.	\$0
<p>This case was filed pursuant to a Commission Order on March 29, 2018. The Attorney General, CARE, ABATE and Calumet Electronics all intervened. CARE took an aggressive stance and opposed the proposed Protective Order submitted by UPPCO on the basis that the public had a right to know the financial particulars of the case and there was no substantive reason or trade secret that would justify such a Protective Order. The Proposed Order was subsequently modified and entered. CARE issued discovery but did not file direct testimony. Douglas Jester, CARE's expert, did file rebuttal testimony on the issue of how the allocation of the</p>					

reduction of required revenue should be applied. CARE supported the Staff proposal that the reduction should be based on the customer class contribution to net income which favored residential ratepayers. The savings to residential ratepayers was \$ 1,416,000 of which CARE will only claim credit for 10% of that amount or \$141,000 for a 11:1 cost benefit ratio.

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-20072	UPPCO 2017 Reconciliation	18-01	\$15,000	\$12,500	\$0

This case was filed on March 28, 2018. CARE intervened on April 12, 2018. Staff performed an audit of the filing and increased the 2017 over-recovery by \$312,647. CARE agreed with the Staff audit as did the company and the case was settled without litigation. CARE takes no credit in the savings and therefore does not report any cost to benefit ratio as it only spent \$2500.

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-20074	UMERC 2017 Reconciliation	18-01	\$15,000.	\$14,045	\$0

This case was filed by UMERC on March 27, 2018. CARE intervened on April 12, 2018 and reviewed the filing and agreed that it should be approved as filed. CARE only spent \$954 on the case and reports no savings and therefore does not report any cost to benefit ratio.

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.)
MISO/FERC	MISO/FERC	18-02	\$35,000	\$849	\$0

In 2018 CARE received a \$35,000 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. As background, MISO is the overseer of a 66,000 mile high voltage transmission electric grid serving 15 states delivering electricity to 42 million customers. Just as importantly, it oversees the cost of transmission through its tariffs that must be approved by the Federal Energy Regulatory Commission (FERC). These costs are passed on to the consumer, whether they be industrial, commercial or residential. In Michigan these costs are part of the power supply cost recovery (PSCR) line items on electric bills.

THE MISO/SSR ISSUE

CARE’s focus over the past 5 years has been on the issue resulting with the attempted closing of the Presque Isle Power Plant in the Upper Peninsula. Because MISO is responsible for operating the grid, it has control over what power plants operate. MISO determined that the Presque Isle plant could not shut down or it would potentially cause an imbalance in that part of the grid and could cause blackouts. Similar determinations were made concerning the White Pine and Escanaba Power Plants. When MISO makes such a determination the plant cannot close despite what the owner of the plant wants to do. However, in these situations MISO pays the owner of the plant to continue to operate and then passes those expenses onto those utilities and customers that they determine most benefit from the grid stability as a result of the plant continuing to be operational. These payments are called System Support Resources or SSRs for short. This financial obligation ranged from \$52

million to \$117 million to be spread across northern Wisconsin and Upper Peninsula customers. Then the burden shifted to 100% to be paid by just Upper Peninsula customers, both residential and commercial because the Wisconsin Public Service Commission filed a complaint at FERC claiming that only Michigan's Upper Peninsula benefited from the Presque Isle plant. CARE was the first entity to yell "fire" because it was monitoring various FERC Cases. Opponents were given less than 30 days to respond to the Wisconsin filing. CARE filed a motion for more time which was denied by FERC. Other Michigan stakeholders quickly jumped into action and 4 years of litigation began covering 20 FERC and Court of Appeals cases. Given CARE's limited resources, and the expertise of the other parties, CARE slipped into the background but still stayed engaged albeit on a limited basis. Finally, in 2018 FERC reduced the amount of the liability by \$23 million to be paid over at 10-month period of time (ER14-2952).

MISO HVDC DETERMINATION

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. While MISO rejected Mr. Osborn's viewpoint in this round of analysis, it viewed his comments as innovative and later submitted them to a prominent national publication of the Electric Power Research Institute (EPRI).

ORDER 841

One of the more exciting activities undertaken by MISO during 2018 was consideration of FERC Order 841 to submit tariffs to incentivize investment in storage facilities. This proceeding gave DTE and Consumers Energy which both own the largest storage facility in the MISO footprint an opportunity to present a plan which would allow them to bid the Ludington Pumped Storage facility into the day-ahead MISO market. CARE supported the proposal and MISO ultimately adopted it as part of the tariff they submitted to FERC. Douglas Jester, CARE's expert, estimated this could result in a potential savings of approximately \$3 million per year across all rate classes of DTE and Consumers.

ROE

CARE has participated in several FERC proceedings (EL14-12, EL15-45, EL11-66, ER18-463) as a member of the MISO Joint Consumer Advocates (JCA) Sector to reduce the Return On Equity (ROE) of Transmission Owners given they were operating under ROE rulings from years past when interest rates were much higher. The largest Transmission Owner operating in Michigan is ITC. The result of the proceedings are estimated to have saved all Michigan ratepayers \$3 million per year in PSCR costs.

ADIT

As part of the MISO JCA, CARE also participated in FERC proceedings advocating for lower transmission rates based on reductions in federal corporate income taxes due to the formulas applied in the determination of accumulated deferred income tax calculations, etc. (EL18-155).

GRANTEE: GREAT LAKES RENEWABLE ENERGY ASSOCIATION (GLREA)

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18090	CECO	16-03	\$0	\$0	\$216 Pro Bono
MPSC Order issued May 31, 2017, with subsequent remand or other orders dated July 31, 2017, December 20, 2017, February 22, 2018, and October 5, 2018	PURPA	17-03	\$12,000	\$0	\$6,398 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 energy and capacity 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 were determined more than twenty years ago.

GLREA has participated in this case since 2016. A full report of the case is included in the 2017 Legislative Report. GLREA has continued to participate in this case during 2018 on a pro bono basis and without an additional grant.

This case has been the subject of continuing MPSC Orders in 2018. 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 and to resolve any 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) as determined in the Commission’s Order in U-20165, CECO’s Integrated Resource Plan (IRP) case.

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 several 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.

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 Order issued July 31, 2017 and Order on Rehearing dated December 20, 2018	DTE PURPA	16-03 17-03	\$0 \$12,000	\$0 \$0	\$216 Pro Bono \$3,986 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 energy and capacity 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 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 the 2017 Legislative Report. GLREA's participation in this case in 2018 has been undertaken on a *pro bono* basis.

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 Commission issued another order to address DTE Electric's August 30, 2017 Petition for Rehearing. This order granted DTE's rehearing request, and remanded the case to the Administrative Law Judge for further hearings to be conducted in 2019.

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 several 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.

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

This case involves 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. This order will be the subject of a separate memo and submission for the 2019 legislative report.

GLREA participated in this case on and after October 1, 2018, on a *pro bono* basis because GLREA's request for an extension of the case budget was denied.

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

This case involves 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.

This case has not yet been the subject of a Commission order. This case will be the subject of a separate memo to the Board, and a summary for the 2019 Legislative Report.

GLREA's participation in this case on and after October 1, 2018, has been undertaken on a *pro bono* basis as GLREA's request for an extension of the case budget was denied.

U-18402	CECo 2018 PSCR	18-03	\$16,000	\$3957.26	
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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.

This case has not yet been the subject of a Commission order. This case will be the subject of a separate memo to the Board and a summary for the 2019 Legislative Report.

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

This case involves 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, which will be the subject of a separate memo to the Board, and a summary for the 2019 Legislative Report.

GLREA's participation in this case on and after October 1, 2018, was undertaken on a *pro bono* basis as GLREA's request for an extension of the case budget was denied.

GRANTEE: RESIDENTIAL CUSTOMER GROUP (RCG)

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18142	CECO Electric PSCR 2017	17-05	\$18,000.00	\$0.00	\$221 pro bono

This case involved the Power Supply Cost Recovery (PSCR) Plan Case for Consumers Energy Company (CECO) for the year 2017. This case was the subject of a grant issued to RCG (UCRF Grant 17-05) in the

amount of \$18,000.

CECO filed its application on September 30, 2016. RCG’s November 18, 2016 Intervention was granted at the November 30, 2016 Prehearing. After submitting several discovery requests to CECO, RCG filed its Direct Testimony and Exhibits on June 1, 2017. RCG fully participated in the hearings held on July 19, 2017, and filed its Initial Brief on September 8, 2017, and a Reply Brief on October 10, 2017. The Administrative Law Judge issued a Proposal for Decision on November 6, 2017. RCG thereafter filed Exceptions to the PFD on November 28, 2017.

RCG’s testimony and exhibits in this case focused upon the following issues: (1) a challenge to CECO’s inclusion of the costs to lease the 7.5 mile Zeeland lateral pipeline at a cost of \$1.7 million annually in the event CECO did not purchase the pipeline in 2017 under its purchase option (option A), the exercise of which would save \$3,079,214 in present value compared to exercising Option B to extend the lease contract for an additional five (5) years (2018-2022). In subsequent briefing, CECO acknowledged that it did not exercise its purchase Option A; (2) recommendation for further review in CECO’s reconciliation case of costs relating to certain residual coal inventories left at CECO’s retired coal plants; and (3) requested review of the impacts on CECOs’ PSCR Plan and forecast case of CECO’s proposed early termination of the Palisades Purchase Power Agreement and CECO’s replacement power plan which was the subject of CECO’s then pending Case U-18250. The Palisades PPA issues became moot because CECO ultimately withdrew its Application in U-18250.

On February 5, 2018, due to RCG’s exceptions, the Commission issued its Order reversing the PFD rejecting RCG’s issue challenging CECO’s lease of the 7.5 mile interconnection pipeline to serve its Zeeland Natural Gas Generating Plant, compared to exercising its option to purchase the pipeline at less cost. The Commission’s February 5, 2018 Order adopted a \$1.7 million downward adjustment based on this issue. On March 7, 2018, Consumers Energy filed a Petition for Rehearing of the Commission order, asserting that \$700,000 of the downward adjustment should be allowed as demand charges recoverable in a PSCR. On July 24, 2018, the Commission issued its order on rehearing, to reduce the downward adjustment from \$1.7 million to \$1 million.

In calculating a cost benefit analysis, the Commission’s adoption of the \$1 million downward rate adjustment compares to the net amount expended by RCG under the grant of \$18,000. This equates to a savings ratio of 55 to 1 (\$1 million divided by \$18,000 dollars). Alternatively, if this precedent holds for the duration of a five year forecast period, then the cost/benefit ratio calculation is \$5 million divided by \$18,000 dollars, or a savings ratio of 278 to 1 in nominal dollars.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18261	CECO Energy Waste Reduction Plan for 2018	18-05	\$10,000.00	\$182.80	\$600 pro bono

This case involved review of Consumers Energy Company's (CECO) application for approval of surcharges to fund its Energy Waste Reduction (EWR) programs for the years 2018-2021. This case was the subject of a grant of \$10,000 for RCG's participation in this case.

On March 31, 2017, CECO filed its application in this case. RCG filed its Intervention on May 18, 2017, which was granted at the May 25, 2017 Prehearing. RCG filed its expert testimony and exhibits on September 11, 2017. Hearings were then held on October 4, 2017 in which RCG fully participated. The parties thereafter engaged in extensive settlement negotiations, which ultimately resulted in the filing of an amended settlement agreement on January 12, 2018, which was approved by the Commission's Order issued on January 23, 2018.

RCG's expert testimony opposed CECO's proposed misallocation of CECO's 2018-2021 energy efficiency program cost responsibility to the residential class. RCG's witness documented that CECO proposed to allocate \$117,955,667 of 2018-2021 business class energy efficiency plan investment for recovery from the electric residential class. With respect to CECO's EWR surcharge proposals for gas customers in this case (U-18261), RCG's witness stated that CECO proposed a 2018-2021 assignment of \$9,118,084 of business class energy efficiency plan investments to be recovered from the residential class. The RCG witness opposed this cross-class subsidy of the business class by the residential class as being unfair and unacceptable. The witness asserted that this unfair cross-subsidization benefitted the business class by reducing the cost of their energy efficiency investment programs immediately, while also reducing their future energy costs. The RCG's pre-filed testimony, p 8, stated in part:

The surcharge to the residential class should be proportional to, or aligned with, the EE program investment devoted to that class and no more. Similarly, the surcharges to the other rate classes, such as the business class, should be proportional to the EE program investment devoted to that class. The sole exception is the low income adjustment.

The RCG witness testified that his recommendation was consistent with his testimony in CECO Case U-17771 (Amended) in 2017, which was eventually adopted by the settlement and Commission Order in that case. The RCG witness testified that his position in U-17771 (Amended), as adopted by the Commission, removed the cross-subsidy by the residential class of the business class for both energy efficiency investment costs and administrative overhead costs for both electric and gas services. The RCG witness quoted the Commission's July 31, 2017 Order, page 2, in Case U-17771 (Amended):

Specifically, the parties agree residential customer incremental costs recovered as surcharges will not exceed \$535,953, including support services, for electric programs, with the business class paying the remaining incremental costs recovered as surcharges, and residential customer incremental costs recovered as surcharges will not exceed \$3,011,527, including support services, for gas programs with the business class paying the remaining incremental costs recovered as surcharges. The parties also agree recovery from a class will be equal to the investment applicable to that class until a decision is made regarding cost allocation in Consumers' 2018 – 2021 EWR plan (Case No. U-18261), which will establish the surcharges based on that allocation on a going-forward basis.

The RCG witness stated (pp 8-9) that the residential electric revenue requirement in U-17771 (Amended), including both investment and overhead costs related to electric customers, was reduced from \$35,998,417 to \$535,953 by removing the improper cross-subsidization. The removal of this cross-subsidization in U-17771 (Amended) reduced the energy efficiency surcharges for CECO's residential gas customers from \$3,556,709 to

\$3,011,527.

A primary focus of RCG during the settlement negotiations in this case (U-18261) was to ensure that the residential class benefitted from the EWR programs in the same proportion to the EWR surcharges rendered to the residential class, and without a cross-subsidization of the business class by the residential class for either EWR investment costs or overhead costs. The amended settlement agreement, as approved by the Commission in this case (U-18261) included this requirement in paragraph 2 of the settlement, which stated as follows:

2. The parties agree that Consumers Energy will recover the electric and natural gas EWR Plan costs via the surcharges set forth on Attachment A to this Settlement Agreement. These EWR surcharges are the levelized surcharges for each customer class which are to be based upon and allocated between the classes proportionate to the level of investment in each class. The recovery of administrative and support service costs will be allocated between the classes proportionate to the level of investment in each class. Consumers Energy is not requesting authorization to capitalize the EWR Plan costs proposed by the Company in this proceeding. The full surcharges (the sum of the approved plan component, low-income accounting adjustment, plus the approved performance incentive component) are set forth on Attachment A. The surcharges set forth on Attachment A are based on an assumed implementation in February 2018 customer bills. If the surcharges are implemented in March 2018 or later, they would have to be modified accordingly.

The RCG also participated in discussions and obtained recommended language changes in other aspects of the agreement.

RCG's efforts and position on this primary issue followed RCG's successful efforts in 2017 to obtain a change in CECO's proposed EWR filing in U-17771 (Amended). RCG in that case was ultimately able to obtain a settlement agreement, as approved by the Commission Order, which required that the EWR expenditures for the residential class be in direct proportion to the surcharges that would be rendered to the residential class for the program. A complete summary of this precedent obtained in U-17771 (Amended) was included in the 2017 Legislative Report. If the RCG had not obtained this success in U-17771 (Amended), then the precedent would not have existed for purposes of determining the EWR investment compared to surcharges rendered to the residential class in this case (U-18261).

RCG was the only party to primarily focus on ensuring removal of CECO's proposed misallocation of EWR costs to the residential class, although ABATE and the Staff ultimately agreed to oppose this cross-subsidy. The removal of the cross-subsidy proposed by CECO in this case for the residential electric customers was \$117,955,667 for the 3-year period, and \$9,118,084 for residential gas customers, or a total of \$127,073,751 (or \$127.07 million).

The cost/benefit ratio applicable to RCG's participation in this case was substantial. If the successful result were attributable to RCG alone, the ratio is \$127,073,751 divided by RCG's case expenditures of \$9,817.20, or a ratio of 1,201 to 1. If the cost/benefit analysis attributable to RCG were to be accorded as one-third (in view of the ultimate agreement by ABATE and the Staff), then the ratio would be calculated as \$42,357,917 (\$42.36 million) divided by RCG's case expenditures of \$9,817.20, or a ratio of 4,315 to 1.

CECO had proposed these cross-subsidizations, but ultimately agreed to their removal because its EWR surcharges were not reduced overall, but changed the allocations of the surcharges among rate classes.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18262	DTE Energy Waste Reduction Plan for 2018	18-05	\$10,000.00	\$655.48	\$1,560 pro bono

This case involved the application of DTE Electric company with respect to its Energy Waste Reduction (EWR) program for the years 2018-2021, and seeking approval of surcharges to fund this program. This case was the subject of a \$10,000 grant to the RCG within grant UCRF 18-05.

On June 29, 2017, DTE filed its application for approval of its EWR plan, along with supporting testimony and exhibits. On August 8, 2017, RCG's Intervention was filed, which was granted at the August 15, 2017 Prehearing. On November 8, 2017, RCG filed its testimony and exhibits. Hearings were held on December 14, 2017, in which RCG fully participated. Thereafter, extensive settlement negotiations were conducted in which RCG participated, resulting in a settlement agreement filed on March 20, 2018. On April 12, 2018, the MPSC issued its Order approving the settlement agreement.

RCG's expert testimony and exhibits reviewed DTE's proposed allocation of EWR surcharges and program investment costs and found no cross-subsidization of the business class by the residential class. With respect to the allocation of overhead costs, RCG's witness questioned \$1,048,000 of revenue requirement that appeared to comprise a misallocation and cross-subsidy. The RCG witness also questioned whether a portion of DTE's proposed "educational expenses" should be allocated to DTE (and not its customers) as comprising company self-promotion not directly related to EWR program purposes.

During RCG's settlement discussions directly with DTE, the RCG expert determined that DTE's allocation of overhead costs was within the range of reasonableness, and obtained DTE's agreement to a prospective reduction in its educational expenses (except for 2018-2019, which expenses were already incurred or committed). In accordance with these DTE/RCG discussions, paragraph 6 of the Settlement Agreement as approved by the Commission stated in part:

6. ...To distinguish between measure incentives and program education costs, DTE Electric will provide clarity, where possible, in the annual reconciliation specifically around Home Energy Consultation, On-Line Energy Audit, and Business Energy Consultation.

Paragraph 9 of the Settlement Agreement also provided:

9. Residential Cost Allocation. DTE Electric will remove education program costs from the customer class allocation percentage calculation in its 2020-2021 EWR Plan. The Company will implement a cost tracker for its education program in 2018 and 2019. The education program cost tracker will inform the allocation of education program expenses between residential and commercial & industrial in the Company's 2020-2021 EWR Plan.

The settlement agreement did not result in a reduction of the EWR surcharges. However, RCG was able to obtain the agreement of DTE to reduce prospectively its rather significant expenditures devoted to "customer education," which hopefully will reduce EWR surcharges on a prospective basis. The problem with the level of

DTE expenditures for this function is that a portion of the expenditures comprised DTE goodwill self-promotion and not meaningful educational programs beneficial to the residential class.

RCG's participation in the case thus involved primarily policy issues to result in customer savings on a going-forward basis, rather than an outright rate or cost reduction with respect to DTE's EWR program for the years 2018 and 2019.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18411	CECO GCR 2019	18-05	\$23,634.00	\$19,594.00	\$120.00 pro bono

This case involved review of the application of Consumers Energy Company (CECO) for approval of its gas cost recovery plan and rate factors for the 12 month period of April 2018 through March 2019. This case was the subject of a case budget of \$23,634.00 approved by the board within RCG Grant 18-05.

CECO filed its application and testimony and exhibits on December 28, 2017. RCG filed its Petition to Intervene on January 31, 2018, which was granted at the February 7, 2018 Prehearing. RCG did not file testimony in the case, but participated in the hearings held on August 29, 2018, and thereafter participated in settlement discussions. On September 19, 2018, the parties entered into a settlement agreement, which was the subject of RCG's Statement of Non-Objection filed on September 24, 2018. The Commission approved the settlement agreement by its Order issued October 24, 2018.

RCG and its expert reviewed CECO's filing in this case and determined that a Statement of Non-Objection to the settlement agreement was appropriate. As a result, there was no downward rate adjustment or policy determination made in the case as a result of RCG's efforts. The RCG therefore informed the Board by its letter of September 28, 2018 that the remainder of the unspent grant of \$19,594 was being returned to the Board.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18424	CECO Gas rate increase	\$22,119.00	18-05	\$1,651.35	\$6,570 Pro Bono (legal)

This case involved the application of Consumers Energy Company (CECO) for authority to increase its gas rates and for other relief. RCG was approved for a case budget of \$22,119 under Grant 18-05.

CECO filed its application on October 31, 2017, along with supporting testimony and exhibits. RCG filed its Intervention on November 28, 2017, which was granted at the November 28, 2017 Prehearing. RCG thereafter pursued discovery from CECO and filed expert testimony on February 28, 2018. Thereafter, extensive settlement discussions were held which were unsuccessful. Hearings were then held on April 4, April 5, April 6, April 9, April 10, and April 11, 2018, in which RCG fully participated. On May 10, 2018, RCG filed its Initial Brief followed by its Reply Brief filed on May 25, 2018. Thereafter, extensive post-settlement discussions and side discussions were then undertaken by the parties, in which RCG fully participated.

RCG's expert testimony and briefing in this case advocated that CECO's requested rate increase should be reduced to reflect: (1) the reduction of federal corporate income tax expense pursuant to the Tax Cuts and Jobs act, effective January 1, 2018; (2) a reduction in the amounts CECO requested in rates for environmental projects at Manufactured Gas Plant sites up to 100 years old, including sites owned or partially owned by other third parties, on the basis that some of the costs should be allocated to CECO's shareholders; (3) rejection of CECO proposals to change peak day and gas storage allocations to shift more costs to the residential class and away from the industrial class; (4) elimination of a cross-subsidization by the residential class of the projected costs to connect certain large transportation customers to CECO's system; (5) opposition to increases in the monthly fixed service charges to residential gas customers; and (6) opposition to CECO's proposed expensive 52.5% common equity/debt capital structure ratio in favor of a less expensive balanced 50.0% common equity/debt ratio.

In June 2018, RCG counsel could not yet agree to a CECO proposed settlement providing for a \$24 million gas rate increase. RCG continued to have issues with respect to that revenue increase and did not agree to a settlement on that basis. At that time, it was also not clear that either the Attorney General or ABATE would agree to such a settlement, although the Staff appeared to be agreeable to such a settlement.

On July 2, 2018, the Administrative Law Judge issued her Proposal for Decision determining a gas revenue increase of \$10.6 million. On July 18, 2018, RCG filed exceptions to the PFD. Additional settlement discussions were thereafter undertaken at which time the parties entered into a settlement agreement filed on August 2, 2018 providing for a gas rate increase of \$10.6 million, which was approved by the Commission's Order issued on August 28, 2018.

The difference between CECO's June 2018 proposed settlement for \$24 million (which RCG did not agree to) and the \$10.6 million determination by the ALJ, was \$13.4 million. Following the ALJ's decision, the parties (including RCG) ultimately agreed to a settlement adopting the ALJ determination of \$10.6 million. At minimum, besides RCG's non-agreement with CECO's \$24 million settlement proposal, it was not clear that either the Attorney General or ABATE had reached final agreement with CECO's proposed settlement prior to the ALJ's July 2, 2018 decision. On this basis, the \$13.4 million difference between the \$10.6 million ALJ decision ultimately agreed to in a later settlement, and CECO's proposed June 2018 settlement of \$24 million should reflect at minimum a partial contribution by RCG achieving this result. (This partial contribution can be estimated as follows: One-half of the \$13.4 million (or \$6.7 million) is attributable to the PFD. The remainder of \$6.7 million is attributable to the RCG, the AG, and ABATE (or \$2,233,333 each).

The cost benefit resulting from RCG's participation is a minimum cost savings of \$2.233 million compared to the net case expenditures by RCG of \$20,468, or a ratio of 109 to 1, based upon a one-year prospective basis. The cost/benefit ratio is higher if the U-18424 gas rates remain in effect for more than one-year depending on when CECO's pending gas rate case, U-18322 is decided.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18494 U-20102 U-20103 U-20105 U-20106	CECO Elec Credit A CECO Gas Credit A DTE Elec Credit A DTE Gas Credit A	18-05	\$15,000.00	\$-0-	\$1,947 Pro Bono

The Commission Order in U-18494:

On February 22, 2018, the Commission issued its Order in U-18494, establishing the procedural framework and timeline to adjust rates for Michigan electric and gas utilities to reflect the impact of the reduction in federal corporate income taxes from 35% to 21%, resulting from adoption of the Tax Cuts and Jobs Act, effective January 1, 2018. The Commission established a 3-step process to determine the resulting rate credits to customers, a Credit A to implement prospective rate reductions by mid-year 2018, a Credit B to implement refund credits for the retroactive period from January 1, 2018 to the date orders to implement Credit A refunds were issued, and a longer process applicable to Credit C, to determine the impact on customer deferred rates to flow-back to ratepayers excess federal deferred income tax reserves financed by ratepayers for the future tax obligations which were reduced by TCJA due to the tax rate cut from 35% to 21%. The Credit C proceedings would also review and reconcile TCJA impacts on both base rates and non-base rate matters.

In accordance with the Commission's February 22, 2018 Order, RCG intervened in the Credit A cases involving CECO Electric (U-20102) and CECO gas (U-20103) and DTE Electric (U-20105) and DTE Gas (U-20106), and in the Credit B cases for DTE Electric (U-20284) and DTE Gas U-20189), and CECO Electric (U-20286) and CECO Gas (U-20287), a total of 8 cases. RCG was granted an overall budget of \$15,000 to fund its participation in the four (4) Credit A cases under UCRF Grant 18-05, and \$15,150 under UCRF Grant 19-05 to fund its participation in the four (4) Credit B cases.

CECO Electric Credit A Case, U-20102:

This case involved the determination of the prospective Credit A electric rate reduction resulting from the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

CECO filed its application and supporting testimony in this Credit A case on April 30, 2018. CECO's application stated that the federal tax law rate reduction would reduce CECO's revenue requirement set in its electric base rate case, U-18322, by approximately \$112.7 million. RCG filed its Petition to Intervene on May 16, 2018, which was granted at the May 24, 2018 Prehearing. RCG did not file testimony in this case, but reviewed CECO's calculations and then entered into settlement discussions which led to a settlement agreement filed on July 9, 2018. The Commission issued its Order approving the settlement agreement on July 24, 2018, which provided for a prospective rate reduction effective August 1, 2018 in the amount of \$112,690,000 in accordance with the settlement agreement.

CECO Gas Credit A Case, U-20103:

This case involved the determination of the prospective Credit A CECO gas rate reduction resulting from the adoption of the Tax Cuts and Jobs Act (TCJA), effective January 1, 2018.

CECO filed its application and supporting testimony in this case on March 30, 2018. CECO's application stated that the federal corporate income tax reduction would reduce the company's revenue requirement for gas utility base rates, as set in Case U -18124, by approximately \$47.5 million, and a reduction in the revenue requirement associated with its IRM program by approximately \$1.8 million.

RCG filed its Intervention on April 11, 2018, which was granted at the April 18, 2018 Prehearing. On May 9, 2018, RCG filed the testimony and exhibit of its expert witness. Hearings were held on May 21, 2018. RCG filed its Initial Brief on June 5, 2018 and its Reply Brief on June 12, 2018. The Commission issued its order approving the Credit A adjustments by its Order issued June 28, 2018.

RCG through its expert testimony and briefing advocated that the Credit A reduction be implemented by an equal negative surcharge to the residential class, and to Rates GS-1 and GS-2, and transportation rate ST, but that larger customers subject to rate GS-3, LT, and XLT not receive a credit because the rates for these customers were set at a discount rate in CECO Case U-18124, far below the cost-of-service study recognized in that case. Because the larger customer rates were receiving a subsidy, the RCG witness testified that the residential class and smaller customers should not further subsidize the larger customers by a Credit A reduction, which would also reduce the Credit A to be allocated to the residential class.

The MSPC Staff also filed testimony consistent with that of RCG, asserting that the larger rate classes subject to discounted rates should not receive a Credit A rate reduction. In contrast, CECO and ABATE advocated that the larger customers should receive a Credit A rate reduction even though they are subject to discounted rates pursuant to the Commission's last rate order in U-18124.

The Commission's June 28, 2018 Order determined that the Credit A rate reduction should be applied across-the-board to all rate classes including the discounted rates, thereby adopting the proposals of CECO and ABATE and rejecting the proposals of RCG and Staff.

DTE Electric Credit A Case, U-20105:

This case involved the determination of the DTE Electric Credit A rate reduction resulting from the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

DTE Electric filed its application in this case on May 18, 2018. RCG filed its Intervention on June 5, 2018, which was granted at the Prehearing held on June 11, 2018. Hearings were held on July 17, 2018, before and after which the parties engaged in settlement discussions. On July 20, 2018, the parties entered into a settlement agreement, which was approved by the Commission's Order issued July 24, 2018, providing for a Credit A Electric rate reduction of \$156,900,000.

RCG participated in all settlement discussions to review the accuracy of the refund calculations, and the allocations of the refunds among rate classes, including the residential class, among related issues.

DTE Gas Credit A Case, U-20106:

This case involved the DTE Gas Credit A rate reduction resulting from the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

DTE filed its application and supporting testimony in this case on March 28, 2018. RCG filed its Intervention on April 13, 2018, which was granted at the Prehearing held on April 19, 2018. Hearings were held on May 21, 2018. Thereafter, the parties engaged in settlement discussions both before and after the hearings. The Commission issued its order approving the settlement agreement on May 30, 2018, which provided for a prospective DTE Gas Credit A rate reduction of \$38,171,850 from DTE's existing gas rates.

RCG through its review of DTE's filings and participation in all settlement discussions determined the accuracy of DTE's Credit A calculations and the allocations of the rate reduction to the residential class.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.) Docket No.
U-20189 U-20284 U-20286 U-20287	DTE Gas Credit B DTE Elec Credit B CECO Elec Credit B CECO Gas Credit B	19-05	\$15,150	\$-0-	\$1,800 pro bono

DTE Gas Credit B Case, U-20189:

This case involved the determination of the Credit B refund owed to DTE Gas ratepayers for the period January 1, 2018 through June 30, 2018 (up to the date the prospective Credit A rate reduction was adopted for DTE Gas) due to the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

DTE Gas filed its application with supporting testimony on July 30, 2018 relative to the Credit B retroactive credit refund obligation for the Period January 1, 2018 to the effective date of the prospective Credit A credit applied to customer bills. RCG counsel appeared at the August 20, 2018 Prehearing and was preliminarily granted intervention for RCG, pending the filing of RCG’s formal Intervention on August 22, 2018, which was filed on that date. On September 7, 2018, RCG filed its expert direct testimony, which was followed by hearings held on September 19, 2018. On October 4, 2018, RCG filed its Initial Brief, followed by the filing of its Reply Brief on October 11, 2018. On October 24, 2018, the Commission issued its order approving a total Credit B refund including interest, of \$24,995,319, to be implemented on a volumetric basis from January 2019 through June 2019.

RCG in its testimony and briefing advocated that: (1) contrary to DTE’s refund proposal, the Credit B refunds should be applied to each customer’s actual gas consumption billed for the refund period of January 1, 2018 through June 30, 2018; (2) DTE’s refund proposal does not refund the difference between the actual rates collected from customers during the refund period and the lower rates that would reflect the TCJA tax reduction effective January 1, 2018 because DTE proposed a short-term interest rate of 1.6% to be assigned on the principal refund, in contrast to the 5.76% overall rate of return collected in rates during the refund period of the over collections; (3) DTE’s refund proposal erroneously intermixed the IRM surcharge (which is governed by a separate reconciliation process) with the Credit B refunds, thereby reducing the amount of the Credit B refund, and in a manner inconsistent (by analogy), with the Commission’s June 28, 2018 Credit A order applicable to CECO in U-20103; (4) DTE’s refund proposal was overly complex and unnecessarily extended over time; for example, DTE proposed to render the refunds over a 6-month period from January 2019 through June 2019; in contrast, RCG proposed a simple prompt one-time refund in 2018 based upon each customer’s gas consumption during the refund period; (5) DTE’s proposal to donate any residual balance of \$50,000 or less to a charity of DTE’s choice should be rejected; in contrast, RCG proposed that said amounts should be included in DTE’s next gas cost reconciliation process so as to benefit gas customers.

Similar to RCG, the Attorney General and ABATE also advocated that the Credit B refunds should be rendered on a more prompt basis, and not over an extended 6-month period in 2019.

The Commission’s October 24, 2018 Order adopted all aspects of DTE’s proposal in contrast to the positions advocated by RCG, the Attorney General, and the ABATE.

DTE Electric

Credit B Case, U-20284:

This case involved the determination of the Credit B refund owed to DTE Electric ratepayers for the period January 1, 2018 through June 30, 2018 (up to the date the Credit A rate reduction was adopted for DTE Gas) due to the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

DTE Electric filed its application and supporting testimony on September 21, 2018. RCG filed its Intervention on October 12, 2018, which was granted at the October 16, 2018 Prehearing. On November 5, 2018, RCG filed Direct Testimony and Exhibits of its expert witness. Hearings were thereafter held on November 16, 2018. RCG filed its Initial Brief on November 29, 2018, and its Reply Brief on December 6, 2018. On December 20, 2018, the Commission issued its Order approving a Credit B Electric refund of \$92,812,177 to be issued over the six month period of January 1, 2019 through June 30, 2019.

RCG in its testimony and briefing asserted that:

(1) DTE's Credit B refund proposal does not refund the amounts collected from customers for the period January 1, 2018 through June 30, 2018 for the difference between the actual rates collected and the lower rates that would reflect the TCJA effective January 1, 2018, and does not provide for a reasonable interest rate on refunds;

(2) The refunds to DTE Electric customers should be based upon the actual electric consumption of DTE customers for the period January 1, 2018 through July 30, 2018;

(3) The interest rate to be added to the principal amount of refunds should be the overall rate of return charged to DTE Electric customers during the period of the over collections, carried through until all principal amounts are refunded; DTE's electric rates set in U-18255 utilized a 5.34% overall rate of return for purposes of setting the rates in effect for the period of over collections;

(4) If the much lower and improper short term interest rate were to be utilized to add to the principal amount of refunds, said short term interest rate should be updated to the higher short term interest rates in effect during the period in which DTE retained the excessive rate collections from customers; under DTE's proposal, the Credit B refunds would be rendered over several months in 2019, with a short term interest frozen at 2.152%, later revised to increase to 2.206% for September 2018 and 2.375% for October 2019 through June 30, 2019, while DTE's electric rate case filed on July 6, 2018 utilized a higher projected short-term interest rate of 3.56%.

(5) DTE's proposal is also overly complex and unnecessarily extended over time; DTE proposed 6-month refund period from January 2019 through June 2019; in contrast, RCG proposed a prompt one time refund based on each customer's actual electric energy usage for January through July 2018 period, with a follow-up one-time refund to the existing residential class of amounts relating to customers who had left DTE's system prior to the rendering of refunds; alternatively, RCG proposed that the refunds be rendered over a 3-month period, in lieu of the 6-month proposal by DTE.

(6) the RCG opposed DTE Electric's proposal to donate to a charity of its choice any amounts that remain unrefunded to DTE customers at the end of the refund process, and asserted that any balances should be recognized in DTE's next PSCR Reconciliation case

The Commission's December 20, 2018 Order adopted all of DTE's refund proposals, thereby rejecting RCG's proposals as summarized above.

CECO Electric Credit B Case, U-20286:

This case involved the determination of the Credit B refund owed to CECO Electric ratepayers for the period January 1, 2018 through June 30, 2018 (up to the date the Credit A rate reduction was adopted for CECO Electric) due to the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

CECO filed its application with supporting testimony on September 24, 2018. RCG filed its Intervention on October 11, 2018, which was granted at the October 16, 2018 Prehearing. On November 1, 2018, RCG filed the testimony and exhibits of its expert witness, including certain revised exhibits filed on November 2, 2018. Hearings were held on November 13, 2018. On November 29, 2018, RCG filed its Initial brief followed by its Reply Brief filed on December 6, 2018. On December 20, 2018, the Commission issued its Order approving a Credit B refund to CECO's electric customers of \$69,678,486, inclusive of interest (later revised), to be implemented from January 1, 2019 through June 30, 2019. On January 18, 2019, the Commission issued another order concerning this refund.

The RCG in its testimony and briefing advocated that:

- (1) The refund time period proposed by Consumers Energy Company and the MPSC Staff is too delayed and extended; RCG asserted that the refunds should be rendered over no more than a prompt two or three month period, in lieu of the six-month period of January through June 2019 proposed by CECO;
- (2) The refunds to CECO customers should be based upon the actual electric consumption of CECO customers for the period commencing January 1, 2018 until the effectiveness of Credit A reducing rates;
- (3) The interest rate to be added to the principal amount of refunds should be the overall rate of return charged to CECO customers during the period of over collections, carried through until all principal amounts are refunded; RCG calculated interest using CECO's overall rate of return of 5.89% in effect during the time the excessive rates were collected;
- (4) If the much lower and improper short term interest rate were to be utilized to add to the principal amount of refunds, said short term interest rate should be updated to the short term interest rates in effect during the period in which CECO retained the excessive rate collections from customers; CECO utilized a short term interest rate of 2.119%, which was lower than the short-term interest rates projected for the January-June 2019 time frame in which CECO proposed to render the refunds;
- (5) Interest should accrue on the principal of the refunds until the refund balance is zero, in contrast to CECO's original proposal to accrue interest until only the commencement date that refunds begin;
- (6) the RCG opposed CECO's proposal to donate to a charity of its choice any amounts that remain unrefunded to CECO customers at the end of the refund process; RCG recommended that said balances should be recognized in CECO's next PSCR reconciliation.

The Commission's December 20, 2018 Order adopted the entirety of CECO's proposal, with the exception of the recommendations of RCG, ABATE, Staff, and the Attorney General that interest should apply to all principal amounts until a zero balance exists.

On January 18, 2019, the Commission issued an amendatory Order to correct the total refund amount, plus interest, to \$69,956,131.

CECO Gas Credit B Case, U-20287:

This case involved the determination of the Credit B refund owed to CECO Gas ratepayers for the period January 1, 2018 through June 30, 2018 (up to the date the prospective Credit A rate reduction was adopted for CECO Gas) due to the adoption of the Tax Cuts and Jobs Act (TCJA) effective January 1, 2018.

CECO filed its application with supporting testimony in this case on August 27, 2018. RCG filed its Intervention on September 11, 2018, which was granted at the September 18, 2018 Prehearing. On October 5, 2018, RCG filed the Direct Testimony and Exhibits of its expert witness, along with revised Exhibits filed on October 7 and 8 of 2018. Hearings were held on October 18, 2018. RCG filed its Initial Brief on November 1, 2018, followed by its Reply Brief filed on November 8, 2018. On November 21, 2018, the Commission issued its Order approving a Credit B refund of \$30,034,666, inclusive of interest to CECO's gas customers and a Credit B investment recovery mechanism refund of \$977,070, inclusive of interest, to be implemented on a volumetric basis from December 1, 2018 through May 31, 2019.

RCG in its testimony and briefing advocated that:

- (1) CECO's Credit B refund proposal does not refund the amounts collected from customers for the period January 1, 2018 through June 30, 2018 for the difference between the actual rates collected and the lower rates that would reflect the TCJA effective January 1, 2018; CECO's proposal does not base refunds upon each customer's actual consumption during the over collection period, and assigns a low short-term interest rate to principal refund amounts in lieu of CECO's overall rate of return of 5.97% that was recognized in customer rates during the over collection period of January to June 2018;
- (2) Contrary to CECO's refund proposal, the Credit B refund amounts should be applied to each customers' actual gas consumption billed for the period January 1, 2018 through June 30, 2018;
- (3) CECO's proposal is also overly complex and unnecessarily extended over time; in lieu of CECO's slow 6-month period for rendering refunds, RCG proposed instead that prompt one-time refunds should be rendered, with a prompt follow-up refund to the existing residential class of total amounts associated with customers who have left CECO's system;
- (4) CECO's and Staff's interest calculation are understated; RCG advocated that the principal amounts of the refund should be assigned the 5.97% overall rate of return utilized in setting base rates, and alternatively, if a short-term interest rate were utilized, a higher updated short-term interest rate should apply during the period of refunds, and not the lower outdated interest rates proposed by CECO; RCG also advocated that interest should continue to accrue until the refund balance is zero;
- (5) CECO's assertions to issue deficient and delayed refunds to ratepayers cannot be justified on the basis of "rate shock" or impact upon CECO's credit ratings, as no such showing was made by CECO;
- (6) Residual unrefunded amounts should not be donated to charities of CECO's choice; RCG proposed instead that residual balances should be recognized in CECO's next gas recovery reconciliation case.

The Commission's November 21, 2018 Order determined a Credit B refund of \$30,034,666 inclusive of interest, and a Credit B IRM related refund of \$977,070, inclusive of interest. The Order adopted a six-month period, from December 1, 2018 through May 31, 2019 for the rendering of refunds. The Order rejected RCG's recommendation to apply CECO's overall rate-of-return of 5.97% as the interest rate, and adopted CECO's

much lower short-term interest rate. The order also permitted residual balances existing upon expiration of the refunds to be donated to a charity of CECO's choice, in lieu of RCG's recommendation that said amounts be included as a credit in CECO's next gas reconciliation case. The Commission Order required interest to be applied until the refund balance is zero.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/18)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20134	CECO Electric rate increase	18-05	\$18,180.00	\$5,872.14	\$1,440 Pro Bono (expert)

This case involved CECO's May 14, 2018 application for an electric rate increase of \$58 million annually, for a test year ending 2019, and additional rate increases of \$49 million in 2020 and \$48 million in 2021. RCG intervened in this case, participated in numerous settlement discussions before hearings and after hearings, and participated in extensive hearings and briefing. This case was the subject of a memo provided to the Board on June 3, 2019. The case ultimately resulted in a settlement, and a Commission order dated January 9, 2019, approving the settlement. This case will be included in the 2019 Legislative Report.

GRANTEE: MICHIGAN ENVIRONMENT COUNCIL (MEC)

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-17678-R	Consumers 2015 PSCR Reconciliation	16-04	\$45,000.00	\$0.00	\$0.00
U-17678-R	Consumers 2015 PSCR Reconciliation	17-04	\$15,150.00	\$0.00	\$0.00

The Commission issued an order in this case on February 5, 2018. The Commission declined to adopt MEC's recommendations on two subjects: uneconomic operation of coal units, and Consumers' coal purchases in 2015. A successful result was reached concerning litigation costs for Consumers Energy's complaint against CSXT before the Federal Surface Transportation Board. Consumers withdrew its request for reimbursement of those costs in the PSCR based on the result in prior cases in which MEC was a party. The amount of CSXT litigation costs removed from this case was \$3,380,971.

Estimate of savings = \$3,380,971 / 3 (AG and Staff roles) = **\$1,126,990**.

MEC was awarded a total of \$60,150 for this case but only used \$54,600.

ROI for this case is \$1,126,990 savings / \$54,600 funds used = **21 to 1**.

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.)
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U-18142	Consumer Energy 2017 PSCR Plan	17-04	\$55,500.00	\$0.00	\$0.00
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The Commission issued a final order on February 5, 2018.

Much of MEC's advocacy focused on potential cost savings identified in responses to a wind power purchase solicitation issued by Consumers and issues related to the economics of the Karn 1 and 2 and Campbell 1 and 2 coal units. The wind issue was resolved when Consumers issued a new RFP for additional wind projects, and the coal issues were deferred to a general rate case.

MEC also opposed recovery by Consumers of about \$661,000 of litigation costs for a Surface Transportation Board proceeding against rail carrier CSXT, an issue on which MEC had prevailed in prior cases. Consumers ultimately abandoned the request, producing ratepayer savings of **\$661,000**.

MEC was awarded a total of \$55,500 for this case but only used \$39,728. ROI for this case is \$661,000 savings / \$39,728 funds used = **17 to 1**.

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-18255	DTE Electric Rate Case	17-04	\$18,993.56	\$0.00	\$0.00
U-18255	DTE Electric Rate Case	18-04	\$25,050.00	\$0.00	\$0.00

The Commission issued a final order in this case on April 18, 2018. MEC worked on a series of issues that produced positive outcomes. All savings estimates are rounded to the nearest \$100.

- River Rouge Unit 3:** Commission denied recovery of capital expenditures totaling \$1.2 million during the first 10 months of 2017 and \$2.7 million in the test year, or \$3.9 million total. MEC was the primary driver on this issue.

Estimate of savings = (\$3.9 million / 20-year depreciation life = \$195,000) + (\$3.8 million average undepreciated balance * 5.34% approved overall rate of return = \$202,920) = **\$397,900**.

- St. Clair Unit 4:** In response to our advocacy, DTE conceded a reduction in capital expenditures of \$150,000 for St. Clair Unit 4. MEC was the primary driver on this issue.

Estimate of savings = (\$150,000 / 20-year depreciation life = \$7,500) + (\$146,000 average undepreciated balance * 5.34% approved overall rate of return = \$7,800) = **\$15,300**.

Additionally, the Commission disallowed **\$1.4 million** in O&M expense for St. Clair Unit 4. DTE had conceded \$1.2 million in response to our advocacy. MEC was the primary driver on this issue.

3. Natural gas plant development costs: The Commission denied inclusion in rate base of about \$30 million in development costs for the new gas plant under review in the CON/IRP Case, U-18419. This was a temporary savings (until DTE’s next rate case).

Estimate of savings = (\$30 million / 30-year depreciation life = \$1 million) + (\$29.5 million average undepreciated balance * 5.34% approved overall rate of return = \$1,575,000) = \$2,575,000 / 2 (Staff role) = **\$1,287,500.**

4. Fixed monthly service charges: In addition to the disallowances summarized above, the Commission denied DTE’s proposed monthly residential service charge increase from \$7.50 to \$9.00. The Commission also denied Staff’s recommended increase to \$8.00, in response to our advocacy. These decisions do not produce a fixed amount of ratepayer savings. However, it does save ratepayers from an increase in *unavoidable* expense of **\$1.50** per customer per month, or **\$18.00** per customer per year. MEC was the primary driver who prevented any increase.

5. Low Income customers: MEC and its partners engaged in advocacy concerning DTE’s large population of low-income customers, and the difficulties they face in affording their electric bills. We recommended that the Commission require DTE to add funding for energy usage reduction as a component of its bill affordability assistance programs. We further recommended that the programs should target low-income customers on deferred payment arrangements. The Commission deferred these issues to DTE’s then-pending Energy Waste Reduction (EWR) Plan Case, U-18262. A partner group then carried the evidence forward in that case, which was settled in tandem with the DTE Gas EWR case, U-18268. The settlement provides that collectively, DTE Gas and DTE Electric will increase investment in the Energy Efficiency Assistance (EEA) Program by **\$5 million** in the 2018-19 Plan for the purposes of targeting low-income customers in arrears. The settlement also contained a list of specific measures that DTE agreed to implement.

Total savings for this case = \$397,900 + \$15,300 + \$1.4 million + \$1,287,500 = **\$3,100,700**

Overall ROI for this case is \$3,100,700 savings / \$44,043 funds used = **70 to 1.**

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-18322	Consumers Energy Rate Case	17-04	\$47,894.20	\$0.00	\$0.00

The Commission issued a final order in this case on March 29, 2018. MEC worked on a series of issues that produced positive outcomes. Savings estimates are rounded to the nearest \$100.

1. Coal Plant Retirement Studies: The Commission deferred approval of \$1.6 million in avoidable capital expenditures at the Karn coal plant, pending a determination about whether to retire the plant in Consumers’ IRP Case, U-20165. MEC was the primary driver on this issue.

Estimate of savings = (\$1.6 million / 20-year depreciation life = \$80,000) + (\$1,560,000 average undepreciated balance * 5.89% approved overall rate of return = \$91,900) = **\$171,900.**

In addition, MEC produced results in conjunction with other parties; results that are policy-related; and/or

results that are likely to produce savings in a future case, on the following issues:

2. **Line Losses:** MEC recommended that the Commission change the methodology for allocating the costs of line losses in a way that would reduce residential customer costs by about \$1.5 million. The Commission found merit in our arguments and directed Consumers to present a line loss study in its next case that evaluates our recommended methodology.
3. **Cost Allocation:** MEC presented testimony that the rate design for the residential class results in significant intra-class subsidies, under which low-usage and low-income customers subsidize higher usage customers. We recommended that the Commission require the Company to redesign its residential rate to shift costs out of winter and into summer rates. The Commission found merit in these positions and directed Consumers, in its next rate case, redesign the base residential rate to include a summer on-peak rate and an all-other-hours rate. The Commission also found merit in our argument that distribution system cost allocation needed to be re-examined, and directed that re-examination to occur in Consumers' next rate case.
4. **Contingency Costs:** We joined Staff and the Attorney General in recommending that the Commission disallow rate recovery of the Company's projected contingency costs for capital expenditures. The Commission agreed and disallowed \$23.5 million in projected contingency costs from being included in rate base.
5. **Residential Discounts:** Consumers and ABATE argued that the Commission should allocate senior citizen and low-income residential customer discounts to customer classes based on the number of customers in each class. This change would have increased residential rates by \$5.6 million. The Commission concurred with our arguments and rejected the proposed change.

ROI for this case is \$171,900 savings / \$46,164 awarded = **4 to 1**.

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-18352	DTE Electric Section 61 Voluntary Renewable Energy Program	18-04	\$29,290.00	\$3,936.48	\$0.00

The Commission issued an order in this case on October 5, 2018. The Commission denied approval of DTE Electric's voluntary renewable energy program and required DTE to file a new case with revised proposals. The Commission agreed with us 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. In February 2019, DTE filed its new proposed program. The new program includes an option with a net cost of 2.2 cents per kWh above base rates.

To estimate savings from this decision, it is necessary to make assumptions about how many customers will subscribe to it 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 (3.5 cents – 2.2 cents = 1.3 cents) x 650 kWh per month x 12 months x 10,000 customers = **\$1,014,000**.

MEC was awarded a total of \$29,290 for this case but only used \$25,354.

ROI for this case is \$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 (12/31/17)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18419	DTE Electric Certificate of Necessity Case	18-04	\$106,100.00	\$3,041.99	\$38,718.92 MEC

The Commission issued a final order in this case on April 27, 2018. The Commission granted the Certificates of Necessity that DTE requested for the gas plant, at an approved construction cost of \$951.8 million. However, the Commission also issued certain directives for DTE’s 2019 Integrated Resource Plan Case:

Energy Efficiency – MEC and partners presented evidence that DTE’s claimed 1.5% per-year in energy efficiency (EE) savings was only temporary, and would not achieve more savings in the long run than DTE’s 1.0% energy savings scenario. The Commission found that DTE’s approach warranted attention and limited the “transparency and the veracity of results.” The Commission noted that “combining incremental EE with other options that can be scaled up over time, such as [Demand Response] and renewable energy, would provide a diverse resource portfolio that could displace the second gas plant in the late 2020s.”

Demand Response – DTE proposed to maintain existing demand response (DR) programs at historic levels and add only 125 MWs of additional DR capacity before 2021. MEC and partners presented evidence that this amount is well below DR levels shown to be cost-effectively achievable by two separate studies commissioned by DTE and the Commission. The Commission found that “DTE Electric’s plan to add only 125 MWs of incremental DR to its current portfolio is overly conservative given the results of two potential studies.” While the Commission found that this flaw was not enough to deny approval of the CON, it did include DR, along with EE, in a scenario it is requiring DTE to model for the new IRP case.

Renewable Energy – DTE proposed to add 137 MWs of wind and solar to its portfolio, in order to meet the 15% standard in PA 342. MEC and partners submitted testimony that identified a number of inconsistent assumptions and unreasonable restrictions placed on wind and solar resources in the modeling. MEC and partners also provided testimony that DTE unreasonably excluded contracts under the Public Utility Regulatory Policies Act of 1978, 16 USC § 2601 et seq., as well as customer-requested voluntary renewable energy from its IRP. The Commission agreed that the PURPA assumption was not reasonable – though again it was not enough to carry the day. As to the voluntary renewable program, the Commission stated that it “expects additional information about customer interest in this optional program may be available by DTE Electric’s 2019 IRP filing, where this assumption can be further tested.”

Transmission and Imports – The Commission agreed with MEC that DTE failed to evaluate the potential for capacity imports from other MISO regions or areas outside of MISO to help satisfy capacity needs in MISO Zone 7 (Lower Michigan). The Commission found that “DTE Electric’s analysis of transmission options was unnecessarily weak...” and also out-of-date. While the Commission found that DTE “technically met” the requirement to provide an analysis of transmission and imports, the Commission also stated that “in DTE Electric’s 2019 IRP, the Commission expects a far more robust analysis of transmission opportunities that might defer, displace, or optimize the amount, type, and location of additional generation based on up-to-date information about current and expected transmission system conditions and import/export capabilities.”

Clean Energy Scenario – While the Commission rejected arguments that energy efficiency, renewables, demand response, and imports could defer or displace the gas plant, the Commission also found that these resources “could potentially displace—not just defer—the second gas plant identified in the company’s IRP for 2029.” The Commission therefore directed DTE “to file in its 2019 IRP application under Section 6t, an

additional scenario that shows a portfolio consisting of EE, renewable energy, DR, storage, and other non-fossil fuel options, ramping up over the years preceding 2029, resulting in a cleaner alternative 2029 portfolio, that could augment the proposed 2022 NGCC and accommodate the retirement of Belle River, without the need for an additional gas plant.” The Commission added that it expected DTE “to outline the associated timing, procurement strategies, and programmatic approaches to scale up these resources to meet this need in a cost-effective, reliable manner.”

Rate Impacts – The Commission also rejected DTE’s rate impact analysis and directed the Company to file a new one in the 6t IRP proceeding. The Commission required DTE to show how customer rates are expected to change as a result of the Tier 2 coal plant retirements and the addition of the gas plant over its first ten years of operation.

Tier 2 Coal Plant Retirement Study – The Commission also indicated that DTE should evaluate the “possibility that one or more of the Tier 2 units might retire early” in its 2019 IRP. The Commission further indicated that it would consider results of MISO’s Attachment Y reliability study as well as workforce and local government tax impacts in those decisions.

ATTACHMENT B: UCRF 2018 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 costs 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.