

On December 22, 2017, the federal Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law. The Michigan Public Service Commission proactively moved to guarantee that the utility savings under the TCJA would be returned to ratepayers. In under 22 months, the Commission conducted Credit A, Credit B, and Calculation C proceedings for each of Michigan’s 13 investor-owned utilities, resulting in billions of dollars in utility bill relief.

The Michigan Public Service Commission recognized that the TCJA offered significant potential savings for utility customers. Acting quickly, the Commission held a special meeting on December 27, 2017\* to address this issue. The Commission [directed](#) all regulated utilities to account for all tax impacts from the TCJA beginning on January 1, 2018 and to provide recommendations on how to pass savings on to ratepayers. The Commission was one of the first public utility commissions nationwide to ensure tax savings for utilities created by the TCJA could be captured, accounted for, and passed on to Michigan ratepayers.

On February 22, 2018,\* the Commission [adopted](#) a three-step approach to address the impacts of the federal corporate tax reduction arising from the TCJA.

- **Credit A:** First, the Commission directed certain utilities to file a Credit A application either by March 30, 2018, or within 30 days after the issuance of a final order in its pending rate case. Credit A was designed to reduce rates on a going-forward basis (i.e. from the time of the completion of the Credit A case) to reflect the lower federal corporate tax rate (from 35% to 21%).
- **Credit B:** The second step, the Credit B proceeding, addressed the impacts of the TCJA from January 1, 2018, to the date of the order in the utility’s Credit A case. Utilities were to file applications with the Commission within 60 days of a Credit A order.
- **Calculation C:** The third step, or the Calculation C proceeding, captures all remaining impacts of the tax law change, including deferred income taxes which, in the rate making context, can extend out decades. The Commission directed utilities to file an application no later than October 1, 2018, with supporting testimony and exhibits.

**Total Savings for Michigan Ratepayers**

| Utility                               | Credit A                       | Credit B                      | Calculation C (After Gross-Up)   |
|---------------------------------------|--------------------------------|-------------------------------|----------------------------------|
| Consumers Energy – Electric           | <a href="#">\$ 112,690,000</a> | <a href="#">\$ 69,956,000</a> | <a href="#">\$ 1,174,181,000</a> |
| DTE Electric                          | <a href="#">\$ 156,900,000</a> | <a href="#">\$ 92,812,000</a> | <a href="#">\$ 1,836,094,000</a> |
| Indiana Michigan Power Co.            | <a href="#">\$ 8,681,000</a>   | <a href="#">\$ 5,398,000</a>  | \$ 100,815,000                   |
| Northern States Power Co. – Electric  | <a href="#">\$ 513,000</a>     | <a href="#">\$ 135,000</a>    | <a href="#">\$ 4,060,000</a>     |
| Upper Michigan Energy Resources Corp. | <a href="#">\$ 2,005,000</a>   | <a href="#">\$ 948,000</a>    | <a href="#">\$ 15,024,000</a>    |
| Upper Peninsula Power Co.             | <a href="#">\$ 3,324,000</a>   | <a href="#">\$ 1,669,000</a>  | <a href="#">\$ 6,360,000</a>     |
| Alpena Power Co.                      | <a href="#">\$ 507,000</a>     | <a href="#">\$ 216,000</a>    | <a href="#">\$ 5,145,000</a>     |
| Wisconsin Electric Power Co.          | <a href="#">\$ 840,000</a>     | \$ -                          | \$ -                             |
| Consumers Energy – Gas                | <a href="#">\$ 49,304,000</a>  | <a href="#">\$ 31,012,000</a> | <a href="#">\$ 451,588,000</a>   |
| DTE Gas                               | <a href="#">\$ 38,172,000</a>  | <a href="#">\$ 24,995,000</a> | <a href="#">\$ 451,265,000</a>   |
| Michigan Gas Utilities                | <a href="#">\$ 2,433,000</a>   | <a href="#">\$ 1,663,000</a>  | <a href="#">\$ 30,736,000</a>    |
| Northern States Power Co. – Gas       | <a href="#">\$ 77,000</a>      | <a href="#">\$ 52,000</a>     | <a href="#">\$ 564,000</a>       |
| SEMCO Energy Gas Co.                  | <a href="#">\$ 6,544,000</a>   | <a href="#">\$ 4,735,000</a>  | <a href="#">\$ 51,950,000</a>    |
| <b>TOTAL</b>                          | <b>\$ 381,990,000</b>          | <b>\$ 233,591,000</b>         | <b>\$ 4,127,782,000</b>          |

\*See [Case No. U-18494](#)

**DISCLAIMER:** This document was prepared to aid the public’s understanding of certain matters before the Commission and is not intended to modify, supplement, or be a substitute for the Commission’s orders. The Commission’s orders are the official action of the Commission.