UTILITY CONSUMER REPRESENTATION FUND
ANNUAL REPORT

CALENDAR YEAR 2017

UTILITY CONSUMER PARTICIPATION BOARD

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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 case, certificate of necessity cases and integrated resource plan cases.

In 2017, Michigan's investor-owned utilities serving over 100,000 customers and utilities servicing less than 100,000 customers using cost recovery proceedings collected and remitted $1,759,000 to the Utility Consumer Representation Fund. The UCPB was allocated $712,500. The remaining 5 percent ($37,500) was allocated for administrative costs.

The FY 2017 budget authorization for the UCPB was $750,000. Of that amount, $690,975 was available for awarding FY 2017 grants and $37,500 was allocated for administrative costs.

In 2017, AY 2017 grants totaling $255,810 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).

In 2017, UCRF funding assisted consumer representation groups, directly and in collaboration with other parties, achieve significant benefits for Michigan residential utility customers. Major areas of impact for residential customers included Power Supply Recover (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, and monitoring developments at the Midcontinent Independent System Operator (MISO). Rate cases, Integrated Resource Plans (IRP), and Certificate of Necessity (CON) Cases,

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

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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 341of 2016 updates Michigan's energy laws relating to utility rate cases, electric choice, certificate of necessity, and electric capacity resource adequacy, and establishes an integrated resource planning process. The law took effect on April 20, 2017. The law expanded the UCPB's scope of cases that were allowed to use UCRF grants for residential rate payers. As set forth in 460.6m(16), UCRF grants could be used for MCL 460.6a, 6h, 6j, 6s and 6t and federal administrative and judicial proceedings that directly affect the costs or rates paid by residential utility customers. For purposes of making grants, the board may consider energy conservation, the creation of employment and a healthy economy in the state, and energy waste reduction, demand response, and rate design options to encourage energy conservation, energy waste reduction and demand response as well as the maintenance of adequate 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, 2017, to December 31, 2017, the board awarded $255,810 from FY 2017 funds to a consortium of several nonprofit consumer groups. Grant recipients in 2017 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 2017, 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; Steam Electric Effluent Guidelines (SEEG), 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 third 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 RESPONSIBILITES

MCL 460.6l provides for the creation of a Utility Consumer Participation Board (UCPB), defines its membership, and prescribes its duties. MCL 460.6m creates the Utility Consumer Representation Fund (UCRF), establishes provisions for its generation, distribution and use, limits the beginning dates of cost recovery proceedings, and places reporting requirements on both fund recipients and the Board.

The duties and responsibilities of the Act under these two sections were discharged as described in sections 2.1 and 2.2.

2.1 UCPB Board Activities 2017

The Board approved and maintained a bimonthly meeting schedule in 2017. Regular meetings were held February 6, April 3, June 5, August 7, August 25, October 2, and December 4. 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:

- June 5, 2017 LARA presented the grant process and how the financial statements are compiled
- August 7, 2017 Jim MacInnes presented an overview from the Electrical Engineers Power and Energy Society Annual Conference which included the North American Renewable Integration Study.

Amendments and approval of new grants occurred on February 6, April 3, June 5, August 7, August 25, and December 4.

2/6/2017 Board assistant approved

10/2/2017 Court reporter was discontinued. Annual Report for 2016 was approved.

The 2017 UCRF Grant Announcement and Application were distributed on July 7, 2017.

The 2018 regular meeting schedule was approved on December 4, 2017. Transcripts or 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 2017

2/6/2017
MEC Amendment to Grant 2017-04 for an increase of $26,260 was approved and divided between U-17920-R $4,545 (DTE PSCR-R), U-17918-R $4,545 (CECO PSCR-R), U-17678-R $10,100 (CECO PSCR-R), and U-18152 $7,070 (DTE GCR Plan).

CARE Amendment to Grant 2017-01 for $20,000 was approved for new case U-17911-R (UPPCO PSCR), and $15,000 for new case U-17895 (UPPCO appeal to increase in rate case). Grant 2017-02 was approved for $17,500 (MISO/FERC proceedings).

RCG Amendment to Grant 17-05 for an increase of $54,000 for U-18142 (CECO PSCR Plan), and $1,000 each for new cases U-18239

(CECO 6w) and U-18248 (DTE electric 6w) was approved.

4/3/2017
MEC Amendment to Grant 17-04 for an increase of $5,050 for U-17678-R (CECO PSCR-R), and $50,500 for new case U-18322 (CECO electric rate case) was approved.

6/5/2017
MEC Amendment to Grant 17-04 for an increase of $25,000 for new case U-18255 (DTE electric general rate case), and transfer $5,050 from U-18142 (CECO PSCR Plan) to U-18143 (DTE PSCR Plan) was approved.

CARE Amendment to Grant 17-01 for an increase of $40,000 and divided between U-17911-R $20,000 (UPPCO PSCR-R) and a new case U-18224 $20,000 (UMERC CON case) was approved.

RCG Amendment to Grant 17-05 for an increase of $18,000 to be divided between U-18239 $2,000 (CECO 6w) and U-18248 $2,000 (DTE 6w) and new cases U-17771 $6,000 (CECO energy waste reduction case), U-17762 $6,000 (DTE electric energy optimization plan) and U-18197 $2,000 (Electric Supply Reliability Plans)

8/72017
MEC Board approved Lydia Barbash-Riley to MEC's energy team as an attorney along with Mr. Fegan and Dr. Horowitz as experts. Amendment to grant 17-04 transfer of $10,100 from U-18142 (CECO PSCR Plan) to U-18152 (DTE GCR case).

8/25/2017
Attorney General previewed all of the cases and which they will likely intervene in 2018..

MEC 2018-04 UCRF Grant request for $186,450 was approved and divided between U-18419 $101,000 (DTE CON IRP), U-18255 $20,000 (DTE General Rate Case), U-18418 $10,100 (DTE IRP), U-18152 $10,100 (DTE GCR Plan), U-18403 $25,050 (DTE PSCR Plan), and U-18231 $20,200 (CECO Renewable Energy Plan).

RCG 2018-04 UCRF Grant request for $45,000 was approved and divided between U-18402 $25,000 (CECO PSCR Plan), U-18261 $10,000 (CECO Energy Waste Reduction), and U-18262 $10,000 (DTE Energy Waste Reduction).

CARE 2018-01 UCRF Grant request for $30,000 was approved and divided between U-18408 $15,000 (UMERC PSCR Plan Case) and U-18406 $15,000 (UPPCO PSCR Plan Case).

CARE 2018-02 UCRF Grant request for $17,500 was approved for FERC or MISO federal proceedings.

GLREA 2018-03 UCRF Grant request for $57,000 was approved and divided $16,000 U-18403 (DTE PSCR Plan Case), $16,000 U-18402 (CECO PSCR Plan Case), $12,500 U-18231 (DTE Renewable Energy Plans), and $12,500 U-18232 (CECO Renewable Energy Plans)

10/2/2017
MEC Amendment to Grant 18-04 for an increase of $5,050 was approved for U-18255 (DTE General Rate Case). MEC expert Dale Osborn was approved.

12/4/2017
MEC Experts Dr. Jeremy Fisher and Avi Fisher were approved. Amendment to Grant 18-04 for new case U-18402 $50,000 (CECO PSCR Plan) and U-18403 $45,450 (DTE PSCR Plan) was approved.

CARE Amendment 18-01 for new case U-17077 (later designated as case U-20150) $25,000 (UPPCO Revenue Decoupling Mechanism) was approved.

Total Amount of 2017 UCRF Grant Funding Awarded in 2017 = $255,810
Total 2017 Grant Authorization = $712,500
Total 2017 Grants Awarded (All Years) = $671,810
Unspent 2016 Grant Authorization = $40,690
Total Amount of 2018 UCRF Grant Funding Awarded in 2017 = $416,000
Rebalancing Amount (End of 2017) = $136,521

2.3 Resource Availability

The total UCRF funding requested by applicants in the initial 2017 authorization year grant cycle was: $712,500. The UCRF authorization for grants was $690,975[1]. The board determined that grants would be prioritized and awarded in phases. This allowed the board to examine work plans for cases more closely and more proximate to the actual filing dates. This also allowed grantees to refine and modify grant requests prior to full consideration and approval. Grantees deferred many requests due to the phase-in approval process adopted by the board.

2.4 Resource Efficiency and Non-Duplication/Due Diligence

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

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

2.5 Administrative Efficiency
The Board achieved administrative efficiency in the following ways:

1. Continued a grant review process requiring more detailed work plans.
2. Awarded grants in phases closer to the filing dates of actual cases and analyzed potential issues.
3. Used the grant review process to encourage more defined strategic focus areas by grantees through case updates.
4. Used the revised UCRF grant application designed by LARA Purchasing and Grant Services and the Michigan Attorney General's Office.
5. Requested the opinion of the Attorney General's office during grant review regarding the legal compliance of the individual grant applications with the governing statute or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
6. Requested the opinion of utility representatives present during grant review as to concerns or objections regarding the legal compliance of the individual grant applications with the governing statue or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
7. Renewed the contract position for a part-time contractor to assist the Board and coordinate efforts with other parties of interest.
8. Followed regular bi-monthly meeting schedule.

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.

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 Cost/Benefit Analysis and Discussion

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

Rate Case filing requirements 460.6a
The new energy law shortens the deadline for rate cases to be completed from 12 months to 10 months. It also removes the ability of utilities to "self-implement" new rates after 6 months if a final order has not been issued by the MPSC. The new energy law updates provisions related to the electric choice program, which allows up to 10% of the electric load in a utility's service territory to choose a non-utility provider of electric generation service. The utilities request a rate increase which initiates a contested case. The rate is developed through the determination of the revenue requirement for a test year. Costs are then allocated to customers classes (cost of service study). A rate design is established on how the utility will recovers its costs through rates and charges.

PSCR and GCR filing requirements 460.6h, j
The PSCR and GCR cases have "plan" and "reconciliation" phases. The plan cases for each utility set the framework and establish the cost of fuel recoverable from all customers. The reconciliation phase looks back at the assumptions and performance of the utility under the plan and "corrects" or "trues-up" the plan factors with reality. The differences are then passed through to customers through collections, credits or refunds. UCRF grant funded parties advocate for the interests of residential customers in this process.

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

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

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

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

UCRF funded intervention in cases decided in 2017 calendar year (based on actual orders issued) again yielded substantial benefits for residential utility customers. The following are highlights of measurable benefits and results achieved for residential customers by consumer advocates using UCRF grant funds. Details of UCRF Grant Activity and Results are provided in **Attachment A:**

MEC efforts in U-17920 may produce future savings for residential rate payers in regards to the issues raised; code of conduct and forecast of basis differentials.

MEC arguments in U-17990 resulted in significant favorable outcomes for residential rate payers in current and future years. Consumers abandoned the IRM for post test-year expenditures for the Medium 4 (Campbell 1, Campbell 2, and Karn units). Commission reduced SEEG expenditures by 2.455 million based partially on MEC arguments saving residential rate payers $132,655 in 2017 reporting year. The commission also agreed with MEC on not allowing an increase in the fixed system access charge from $7.00 per month to $7.75 month. Allocation for fixed production costs was argued and the commission sited MEC's two part allocation in its decision saving the residential rate payers 10.3 million in year 2017. MEC also won the ability to retain confidential material from a protective order until all future cases are resolved. Total savings to residential rate payers: $10,432,655.

MEC arguments in U-18014 led the commission to deny inclusion in rate base of projected test year capital expenditures for River Rouge 3 saving residential rate payers in 2017 reporting year $112,750. MEC argued against an increase in fixed monthly services charges, the commission adopted staff's recommendation of $1.50 per month increase, but not the full $3.00 DTE was requesting. DTE requested approval of allowing $13 million to be added to the rate base for the planning and engineering costs of a natural gas combined cycle plant. The attorney general and MEC opposed this inclusion. The commission agreed with the AG and MEC saving the residential rate payer $664,625 in the 2017 reporting year. The commission again agreed with MEC and denied DTE its return on 100 million in expenditures related to the Fermi 3 nuclear facility combined operating license saving residential rate payers $1,994,000 in the 2017 reporting year. Commission denied DTE request to shift its allocation of production costs and adopted MEC's recommendation that future requests to change the production cost allocation should include an analysis of the equivalent peaker method. Saving could be calculated since DTE did not quantify the impact of the shift, but the savings would be substantial. Total savings to residential rate payers: $2,771,375

CARE preserved issues in U-18224 and successfully disallowed inequitable and premature cost allocations of building two reciprocating internal combustion engine (RICE) electric generation facilities and their resulting property taxes resulting in a savings for residential rate payers of $1,739,000 and $1,775,000 respectively.

CARE advocates in U-18147 by objecting how UPPCO calculates its PSCR costs namely subtracting of the volume of sales for its RTMP customers which harms residential rate payers. A statement of non-objection was filed in the settlement in the case preserving this issue.

CARE participates in U-18149 UMERC's first PSCR case, issues raised will be pursued in the reconciliation case.

CARE advocates in FERC Cases; ER17-284, ER14-1242, ER14-2952, ER16-1480, EL16-49 for all Michigan residential rate payers regarding transmission costs passed through PSCR line items. CARE participated in the: Economic Planning User Group (EPUG) and submitted comments regarding the feasibility and cost effectiveness of purchasing power from Ontario in the summer months, Resource Adequacy Subcommittee (RASC) and supplied comments on the feasibility of connecting HVDC in MISO Zone 7, Common Issues Meeting (CIM) monitoring behind the meter generation, FERC Proceedings and the allocation of System Support Resource (SSR) payments of U.P. rate payers resulting in $7 million in savings and the debate with Wisconsin PUC regarding their ratepayers getting a potential of $24 million refund payable by Michigan ratepayers, and participated in Prevailing State Compensation Mechanism (PSCM) proceedings.

GLREA advocated in U-17920 the impact of customer owned solar on overall costs. DTE subsequently used the impact of customer owned solar in U-18143.

GLREA advanced the argument of the impact of customer owned solar on residential rates in U-18143 and advocated for an expansion of the utilities PSCR rate factors to include customer owned solar facilities installed by commercial and industrial customers.

GLREA advocated in U-18090 for the development and maintenance of small independent power and cogeneration projects in

accordance with PURPA and to lengthen the qualifying facilities (QF) contracts in order to allow the small companies to secure financing.

GLREA argued in U-18091 similar PURPA issues as in U-18090 which the commission ordered the use of at least a 20 year term for the QF contracts. The policy arguments presented by GLREA will 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.

RCG advocated in U-18250 along with other intervenors during settlement negotiations decreased Consumers Energy securitization of $184.6 million to approximately $142 million by retaining the Palisades PPA and the rejection of CECO/Entergy transaction. Savings around $42 million are shared by all intervenors who advocated for the reduction.

RCG argued on behalf of residential rate payers in U-17771 the misallocation of surcharges to residential ratepayers to fund the energy efficiency programs that would benefit the business class. The commission agreed with RCG and MPSC staff in that the residential class would be saved $35.1 million for electric customers and $3.8 million for gas customers for the 18 months the incremental surcharges were expected to be in effect.

RCG participated in U-17762 and defended the residential rate payer against cross subsidization of the residential rate payer class. The commission supported RCG's position during settlement agreements and filed an order in compliance with residential rate payers not subsidizing other rate payer classes.

RCG participated in U-18197, U-18239 and U-18248 technical conferences and filed comments in these dockets and related dockets pertaining to 6w and state reliability mechanism (SRM) issues and policy decisions that may have an effect base electric rates and PSCR factors on a prospective basis.

4. FINANCIAL REPORTING AND GRANT ADMINISTRATION

4.1 Calendar Year 2017 Remittances

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

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

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

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

1982	$630,600	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

In 2017, the factor is set at a level not to exceed the percentage increase in the Consumer Price Index for urban wage earners and clerical workers, select areas, all items indexed, for the Detroit standard metropolitan statistical area, compiled by the Bureau of Labor Statistics of the United States Department of Labor. The factor for subsequent years will be established by calculating the percentage increase in the Detroit CPI-W for January each year over the CPI-W for January the following year.

Source of
Calendar Year 2017 Remittance Revenue

Utility	Amount Contributed
Consumers Energy	$709,256
DTE Electric	596,043
DTE Gas	162,518
Michigan Gas Utilities	16,356
SEMCO	33,138
Northern States Power (dba XCEL)	14,848
Alpena Power	18,267
American Electric Power (I&M)	32,689
Upper Peninsula Power	83,660
Wisconsin Electric Power	67,586
Wisconsin Public Services	15,639
TOTAL	1,750,000

Distribution of
Calendar year 2016 Revenue

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

Letters were sent to each utility on 5/25/17 and all remittances were made by 09/30/2017.

In addition to the calendar year 2017 utility fees, interest was earned for the Fiscal Year ending 9/30/17. This was allocated to the Attorney General.

4.2 Fiscal Year 2017 Appropriation and Accrued Funds

Total funding available for awarding intervenor grants was $690,975 for FY17 as shown below and $750,000 FY17 authorization subject to budget approval.

Intervenor Grant Funding for fiscal year 2017:

Appropriation (Public Act 268 of 2016)	$750,000
Less 5% for Administration	(37,500)
Appropriation Available for Intervenor Grants	$ 712,500

New Revenue	$712,500
Fiscal Year 2016 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 review	Power supply and cost review
Gas cost reconciliation	Power supply cost reconciliation
Rate	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 Resourse 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.

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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, 2017-December 31, 2017. Some of the cases in which UCRF grantees participate in 2017 will not conclude until subsequent years. Results for those cases will be reported in future annual reports. Results are reported by grantees and audited by UCPB board staff based on an independent review of the record and edited for purposes of this annual report. Complete dockets related to the majority of cases are available through the Michigan Public Service Commission's Electronic Docket Filing System (eDocket) at www.michigan.gov/mpsc. Results for individual cases may be verified by reviewing the case docket. MPSC case numbers have been included for purposes of research and validation.

GRANTEE: MICHIGAN ENVIRONMENTAL COUNCIL (MEC)

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2016)	Other financial support (matching funds, pro bono support, etc.)
U-17920 Order date: January 12, 2017	DTE 2016 PSCR Plan U-17920	16-04	$75,256.45	$1,141.84	

The primary issue in this case concerned DTE's request for pre-approval of cost recovery under an agreement for firm transportation of natural gas through the NEXUS pipeline. The primary grounds for our opposition were:

a. The Commission lacked legal authority to pre-approve costs related to the agreement, since the first costs would not be incurred until after the plan year;

b. The forecast of basis differentials used to support the agreement as economic was based upon questionable assumptions;

c. The agreement violated the Code of Conduct because the cost of transport in the early years exceeds the basis differentials between the gas's origin and destination; and

d. The agreement is not needed until DTE builds a combined cycle natural gas plant.

The Commission order found in favor of our argument on issue (a), and reserved determination of issues (b)-(d) for a future case. The order stated:

> *"[C]osts associated with NEXUS should not be recoverable absent a transparent evidentiary presentation examining the full nature of the NEXUS arrangements. Only under such circumstances will the Commission be prepared to determine the viability of said costs."*

This outcome did not result in immediate ratepayer savings, since DTE was seeking pre-approval of costs that would not have been incurred in 2016 or 2017. However, it may produce ratepayer savings in future years, depending on the outcome of subsequent cases that have not yet been decided.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2016)	Other financial support (matching funds, pro bono support, etc.)
U-17990 Order date: February 28, 2017	Consumers Energy 2016 Electric Rate Case	16-04 and 17-04	$27,500.00 and $10,100.00	$0.00	

1. Investment Recovery Mechanism / Economics of Medium 4 Coal Units

Consumers Energy sought approval of an investment recovery mechanism (IRM) to cover the revenue requirements of all capital investments planned in the last four months of 2017, all of 2018, and all of 2019. The IRM investments included expenditures for complying with three environmental regulations: Clean Water Act Section 316b, Steam Electric Effluent Guidelines (SEEG), and the Coal Combustion Residuals (CCR) rule. Discovery revealed that Consumers performed a series of economic analyses comparing the Net Present Value (NPV) of revenue requirements for making the SEEG and 316b expenditures on the Campbell 1, Campbell 2, and Karn units with the NPV of scenarios where Consumers retired one or more of those units in 2021. (These units are referred to as the "Medium 4" to distinguish them from the larger and newer Campbell unit 3.) The results of the NPV analyses showed that early retirement was more economic than continued investment and operation for most of the Medium 4 units under most of the scenarios that Consumers evaluated. We recommended that the Commission deny approval of the IRM; prepare updated NPV analyses sufficient to support decisions whether or not to retire the Medium 4 units in 2021; and deny approval of any test-year expenditures in the Medium 4 units that would be avoidable in a 2021 retirement scenario.

In rebuttal, Consumers abandoned the portion of the IRM that would cover the post-test-year expenditures on the Medium 4. This was a significant

favorable outcome whose savings, by definition, will accrue in future years.

The Commission approved the test year capital spending on the Medium 4; but adopted our recommendation on the requirement to do updated retirement studies based on a detailed benefit/cost analysis.

2. Steam Electric Effluent Guidelines

The SEEG rule, sometimes called the Effluent Limitations Guidelines or ELG rule, sets new and stricter requirements for reducing toxic metals in the wastewater streams from certain coal plant processes and byproducts. These processes and byproducts include flue gas desulfurization (a/k/a scrubbing), fly ash, bottom ash, and flue gas mercury control processes such as activated carbon injection (ACI). Complying with SEEG has capital costs and will also increase the variable costs of running coal units – though Consumers stated in discovery that it does not know how much yet.

Consumers projected about $6.2 million in SEEG expenditures in the test year for studies, design and engineering work. Consumers argued that the studies had to proceed immediately in order to meet the SEEG compliance deadline, but the rule allowed for a range of compliance deadlines.

The Commission reduced the SEEG expenditures by $2.455 million, citing our arguments as one of two bases for doing so.

Amount saved for residential ratepayers in the 2017 reporting year: **$132,655**.[2]

3. Fixed Service Charge for Residential Customers

We opposed Consumers' request to increase the residential fixed system access charge (fixed charge) from $7.00 per month to $7.75 per month. The Commission agreed with us. It denied the increase, citing our arguments in part and affirming its prior precedents holding that the only costs that should be included in the fixed charge are those representing the marginal cost of supplying service to a customer. This outcome produced a reduction in the portion of customer bills that are unavoidable by reducing usage.

4. Cost Allocation

Consumers Energy, ABATE, Hemlock Semiconductor, and Kroger all sought to shift the allocator for fixed production costs from the current method based 75% on customer class contribution to peak demand and 25% on customer class total energy use (75-0-25) to a method based 100% on customer class contribution to peak demand (100-0-0). The change would have increased residential costs by $31 million and reduced primary (industrial) costs by $33 million.

MEC contested the shift and proposed our own allocation of 100-0-0 for peaking plants and 50-25-25 for baseload plants. We argued that a two-part allocation would be analogous to the Equivalent Peaker Method, which allocates fixed production costs based on the costs of different generation types.

The Commission rejected the proposal by Consumers Energy and the industrial customers and cited several of our arguments.

Amount saved for residential ratepayers in the 2017 reporting year: **$10.3 million**.[3]

5. Protective Order

The Commission rejected Consumers' appeal of the ALJ's decision to include a clause in the protective order that we requested. The clause allows us to retain a copy of confidential materials until the conclusion of the next rate case or the conclusion of any PSCR plan or reconciliation case filed before the conclusion of the next rate case, whichever comes later. It is important that we be able to use this kind of information in evaluating and litigating issues and projects that span cases. The Commission essentially adopted all of our arguments on this issue.

6. Other Issues

We also advocated in this case regarding line losses and a proposed electric vehicle charging program.

7. Benefit to Cost Ratio

SEEG savings of $132,655 + Cost Allocation savings of $10.3 million = **$10,432,655 total savings**.

Benefit-to-Cost Ratio: $10,432,655 total savings / $37,600 grant funds = **277 to 1.**

[2] Estimate of savings from reduction in SEEG expenditures = ($2.455 million / 20-year depreciation life = $122,750) + ($2.4 million average undepreciated balance * 5.94% approved overall rate of return = $142,560) = $265,310 / 2 (Staff role) = $132,655.

[3] Estimate of savings from denial of shift in production cost allocator = $31,000,000 / 3 (Staff and AG role) = $10.3 million.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt Awarded (as amended)	Balance (12/31/2016)	Other financial support (matching funds, pro bono support, etc.)
U-18014 Order date: January 31, 2017	DTE Electric 2016 Rate Case	16-04	$33,855.13	$0.00	

1. River Rouge Plant

River Rouge Unit 2 was retired in 2016 due to a crack in its turbine rotor. In 2015, prior to the retirement decision, DTE performed a set of Net Present Value (NPV) economic analyses of the River Rouge plant as a whole, i.e. Unit 2 and Unit 3. The NPV analyses showed that the plant as a whole was barely economic to continue operating until its planned retirement date of 2020, compared with retiring sooner. DTE also performed an NPV analysis in 2016 that was confined to Unit 2 and was cited as support for the retirement decision. We argued that if the 2015 NPV analysis was updated, it would show that Unit 3 was not economic to continue operating. We recommended that the Commission deny projected test year common plant expenditures not related to retiring the River Rouge plant. The Commission denied inclusion in rate base of projected test year capital expenditures in River Rouge 3, finding that DTE did not provide sufficient evidence to support continued investment in Unit 3 following the shutdown of Unit 2.

Amount saved for residential ratepayers in the 2017 reporting year: **$112,750**.[4]

2. Fixed Charges

DTE again sought to increase fixed monthly service charges for residential customers. In Case No. U-17767, DTE sought to increase these charges from $6 per month to $10 per month for residential customers, which we opposed and the Commission rejected. In this case DTE sought a slightly more modest increase, from $6.00 per month to $9.00 per month. The Commission agreed with Staff and us that DTE's cost of service study improperly included costs in the fixed charge that are not directly associated with the customer's connection to the system (i.e., not the marginal costs of customer attachment). The Commission did adopt Staff's recommended increase to $7.50 per month. Since we opposed any increase, this holding is a partial outcome for us.

3. Fermi 3 Combined Operating License

As in its last rate case, DTE again requested approval of "return on" about $100 million worth of expenditures related to the Fermi 3 nuclear facility Combined Operating License (COL). We argued that the Commission should deny this request, because DTE has identified no new evidence or circumstances since the Commission's recent decision to deny return on these expenditures; because DTE is unlikely to build the plant; and because the license by itself provides no benefit to ratepayers. The Commission agreed and denied DTE a "return on" its Fermi 3 COL related costs totaling about $100 million.

Amount saved for residential ratepayers in the 2017 reporting year: **$1,994,000**.[5]

4. Natural Gas Plant Development Costs

DTE also requested approval to include in rate base about $13 million in planning and engineering costs for a natural gas combined cycle plant or plants that will potentially be built sometime in the future. We argued that these expenditures should not be added to rate base until DTE files a Certificate of Necessity or other proceeding in which a determination can be made regarding whether the project is the most reasonable and prudent way of meeting the anticipated demand, and therefore whether the costs of the plant will be recoverable in rates. The Attorney General also opposed inclusion of this expenditure in rate base. Staff supported DTE's request. The Commission agreed with us and denied inclusion in rate base of the natural gas plant development costs.

Amount saved for residential ratepayers in the 2017 reporting year: **$664,625**.[6]

5. Production Cost Allocation

DTE proposed again to shift its allocation of production costs from the 4CP 75-0-25 method to the 4CP 100-0-0 method. ABATE supported this request. We argued that the Commission should deny the shift. We further proposed that if the Commission is inclined to revisit the production cost allocator that it considers shifting to a 4CP 100-0-0 method for peaking units and a 4CP 50-25-25 method for baseload units. The Commission denied the DTE and industrial customer requests to shift allocation of fixed generation costs from existing method based 75% on class contribution to peak demand and 25% on class total energy use to an allocation 100% based on class contribution to peak demand. The Commission also

[4] Estimate of River Rouge savings = ($1.1 million / 20 year depreciation life = $55,000) + ($1.05 million average undepreciated balance * 5.55% approved overall rate of return = $57,750) = $112,750.

[5] Estimate of Fermi COL savings: $7,976,000 (discovery response ABDE-1.2) / 4 (Staff, ABATE and AG role) = $1,994,000.

[6] Estimate of natural gas plant development cost savings = ($13 million / 20-year depreciation life = $650,000) + ($12.35 million average undepreciated balance * 5.55% approved overall rate of return = $679,250) = $1,329,250 / 2 (AG role) = $664,625.

adopted our recommendation to require any future requests to change production cost allocation to include analysis of the equivalent peaker method. We were unable to verify the savings resulting from this outcome because DTE claimed not to have quantified the cost impact of the shift, as Consumers had. However, the amount is substantial.

6. Benefit to Cost Ratio

River Rouge savings of $112,750 + Fermi 3 COL savings of $1,994,000 + natural gas plant savings of $664,625 = **$2,771,375**.

Benefit-to-cost ratio: $2,771,375 total savings / $33,855.13 grant funds = **82 to 1.**[7]

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-18224	UMERC Cert of Necessity case (CON)	17-01	$27,000	$44	NA

This case was filed by the newly formed Michigan only subsidiary of WEPCO called UMERC on January 30, 2017. UMERC sought approval of a $277 million to build gas two reciprocating internal combustion engine (RICE) electric generation facilities in Michigan's Upper Peninsula. It also sought pre-approval of certain cost allocations between customer classes of who would pay for these plants and some of their associated operating expenses. For example, UMERC proposed that despite the fact that the Tilden Mines will take approximately 65% of the energy generated by these plants, that other ratepayer classes pick up 100% of the property taxes incurred once these plants are operational. CARE submitted the testimony of Douglas Jester objecting to these premature cost allocations and other provisions in the proposed contract with Tilden Mines as a violation of the Commission's finding in U-10646 that the Company's "shareholders should expect to absorb much, if not all, of any revenue shortfall caused by the pricing and other contract provisions that the utility negotiates." The ALJ and the Commission both agreed with Mr. Jester and these issues were deferred to a future rate case once the plants are constructed.

Savings estimates are as follows:
CARE estimates that the UMERC proposal improperly allocated at least $23 million of the cost of the plant to residential ratepayers. At an estimated overall authorized rate of return of 7.3% the annual savings would be $1.739 million. Additionally, the improper allocation of all property taxes being paid by non-Tilden customers, CARE estimates that residential ratepayers would pay $1.775 million in excess of a just and reasonable allocation. Combining just these two examples brings a savings to residential ratepayers of $3.514 million per year for a 119:1 cost/benefit ratio. If one performs a net present value of this savings over the 30-year life of the plants at a discount rate of 7.3% the savings would be an estimated $43.333 million resulting in a 1568:1 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-18147	UPPCO 2017 Plan Case	17-01	$4,454	$0	NA

CARE has been aggressively objecting to the manner in which UPPCO calculates its PSCR costs since its last rate case in 2016. Specifically, CARE believes that UPPCO's subtraction of the volume of sales to its RTMP customers from its calculation harms residential ratepayers. This issue has been raised in previous cases and is currently on appeal to the Court of Appeals. Not wanting to relitigate this issue but preserving its claim that the calculations presented in the company's proposed 2017 PSCR plan was unlawful, CARE agreed to not oppose a settlement in the case by filing a statement of Non-Objection. As a result, there are no specific "savings" to report from this proceeding. Nevertheless, CARE has strenuously objected to UPPCO's long term power supply contract with WPS due to its high cost and must-take provisions resulting in $3.645 million in unjust charges to residential ratepayers.

[7] Not including the Production Cost Allocation issue, savings for which were likely substantial.

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-18148/ U-18149	UMERC 2017 PSCR Plan	17-01	$7,727	$0	NA
This was the first PSCR case filed since UMERC was created as a Michigan stand-alone subsidiary of WEPCO after the company purchased Integrys. The Integrys acquisition brought the Integrys subsidiary WPS's Michigan customers into its UMERC customer base. According to the terms of the Commission's approval of the new entity and in recognition of Integrys's long-term contract to supply the Tilden Mines power from WPS generation located in Wisconsin, the 2017 PSCR plan case was bifurcated into two cases; one for Tilden Mines and one for all non-Tilden customers. The result of this bifurcation assigned the residential customers to case U-18149 instead of U-18148 as originally thought. Given the fresh look as a new entity and the fact that this case was the plan case, CARE agreed to settle the case as it was originally filed with the understanding that any unjust results could be challenged in the subsequent reconciliation case. Therefore, there were no reportable "savings" as a result of this intervention.					

GRANTEE: GREAT LAKES RENEWABLE ENERGY ASSOCIATION (GLREA)

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-17920 MPSC Order issued January 12, 2017 approving DTE Application MPSC Order denying GLREA Motion for Reconsideration and Rehearing dated April 13, 2017	DTE PSCR 2016 Plan and forecast	16-03	$30,876	$400	$5,131.23 Pro Bono
GLREA intervened in this case, and fully participated in discovery, filing of testimony and exhibits, hearings, and the filing of an initial brief, reply brief, exceptions to the Proposal for Decision (PFD) of the Administrative Law Judge (ALJ), and the filing of a Motion for Reconsideration and Rehearing from the MPSC's Order dated January 12, 2017. GLREA advocated that DTE Electric's power supply cost recovery (PSCR) Plan and 5-year forecast was incomplete and deficient because it failed to include the impact of customer-owned solar facilities on DTE's overall costs (including peak costs) to be reviewed within the scope of the Act 304 (i.e., fuel costs, purchased power costs, transmission costs, pollution control additive costs, among others). GLREA also presented an analysis of the estimated reduction in said costs, and corresponding reductions in PSCR rate factors, that would result from recognition of the impact of customer-owned solar facilities for residential, commercial, and industrial classes of customers. The Commission approved the DTE PSCR Plan and forecast, without adopting any GLREA proposed rate adjustments, and without requiring DTE in this case to analyze or present the impact of customer-owned solar facilities on DTE's Act 304 plan and forecast costs. Notably, following this case, DTE subsequently responded in part to GLREA's presentation and recommendations in this case by revising its PSCR plan and forecast case in its subsequent PSCR plan and forecast case, U-18143, to include an analysis of the impact of customer-owned solar facilities involving the residential class only (but not yet incorporating such an impact analysis with respect to customer-owned solar facilities installed by commercial and industrial customer classes).					

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-18143 MPSC Order dated December 20, 2017 approving DTE's application	DTE PSCR for 2017	17-03	$16,000	$2,140	$33 Expert Pro Bono

GLREA intervened in and fully participated in this case, including participating in discovery, filing testimony and exhibits, participating in the hearings, and filing initial and reply briefs and exceptions and reply exceptions to the ALJ's PFD. GLREA in this case presented evidence and briefing to assert that DTE Electric's 2017 PSCR plan and 5-year forecast was incomplete and deficient insofar as it failed to include an analysis of the impact of customer-owned solar facilities installed by commercial and industrial customers in offsetting existing or projected Act 304 costs (such as fuel, purchased power, transmission costs, pollution control additives cost, among others). GLREA acknowledged, however, that following its PSCR case U-17920, DTE Electric in this case had included an analysis of the impact of customer-owned solar facilities on Act 304 costs with respect to the residential class, but had not extended said analysis to include the impact on Act 304 costs of customer-owned solar facilities installed by the commercial and industrial classes of customers.

The MPSC's order issued December 20, 2017 approved DTE Electric's PSCR Plan and 5-year forecast as filed, and did not in this case require an amendment of the plan or forecast to include an analysis of the impact on Act 304 costs of customer-owned solar facilities installed by commercial or industrial customers. This step could presumably be accomplished in upcoming PSCR Plan and forecast cases, which would demonstrate a reduction over time in Act 304 costs and PSCR rate factors due to the installation of solar facilities by the commercial and industrial class. Such solar facility expansion is particularly well suited to reducing the peak costs experienced by the utility during the high peak summer months when solar energy production closely aligns with the utilities summer peak demands and loads.

This case did not result in a downward rate adjustment. However, the case dealt with regulatory policy and case issues insofar as a deficiency in DTE's PSCR Plan and forecast analysis was demonstrated. GLREA's presentation in DTE's previous PSCR case, U-17920, resulted in DTE implementing a cost analysis reflecting the impact on Act 304 costs of customer-owned solar facilities for the residential class, which hopefully will be followed by DTE revising future PSCR Plan and forecast cases to include an analysis of the impact on Act 304 costs of customer-owned solar facilities installed by commercial and industrial 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-18090 MPSC Order issued May 31, 2017 Subsequent remand orders are dated July 31, 2017, November 21, 2017, December 20, 2017, and February 22, 2018	CECO PURPA	16-03 17-03	$0 $12,000	$0 $0	$216 Pro Bono $6,398 Pro Bono

This case 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 determined 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 participated in discovery, filing testimony and exhibits, hearings, and filed an Initial and Reply Brief and Exceptions and Replies to Exceptions on the issues presented. GLREA focused upon the most major issues affecting the determination of PURPA avoided costs, and opposed certain proposals by CECO. GLREA proposed that PURPA contracts be entered into on a long-term basis (20 or more years and up to 35 years) to permit PURPA projects to be financeable, in lieu of CECO proposals that contracts be limited to only 3-5 years; that the CECO proposed Standard Offer Tariff be available to PURPA projects up to 20 MW of capacity as permitted under rules of the Federal Energy Regulatory Commission (FERC), in lieu of the utility proposals that the Standard Offer Tariff be capped at a capacity level of no higher than 100 kW (or 0.1 MW); that renewable energy credits (RECs) be provided to the QF PURPA projects under each contract, rather than the CECO proposal that said REC credits be applied to all or substantially all to the benefit of the utility; that a longer planning horizon be adopted compared to that proposed by CECO, among other proposals.

GLREA's approach focused upon the major key elements that would encourage the development and maintenance of small independent power and cogeneration projects in accordance with the requirements of PURPA, to set QF avoided costs that are reasonable and non-discriminatory but that also do not increase the utility's cost-of-service (i.e., to ensure net neutrality so that QF's are not subsidized by CECO's regulated rates). This approach was aimed at complying with PURPA and also to recognize the benefits resulting from obtaining capacity and energy from diverse and reliable suppliers. These objectives are consistent with Section 1(2) of the Clean and Renewable Energy and Energy Waste Reduction Act, 2008 PA 295, MCL 460.1001(2), which states in relevant part:

(2) The purpose of this act is to promote the development and use of clean and renewable energy resources

and the reduction of energy waste through programs that will cost-effectively do all of the following:

(a) Diversify the resources used to reliably meet the energy needs of consumers in this state.

(b) Provide greater energy security through the use of indigenous energy resources available within the state.

(c) Encourage private investment in renewable energy and energy waste reduction.

(d) Coordinate with federal regulations to provide improved air quality and other benefits to energy consumers and citizens of this state.

(e) Remove unnecessary burdens on the appropriate use of solid waste as a clean energy source.

GLREA in this case generally aligned with the MPSC Staff on specific cost calculations involving avoided capacity and energy cost that would be appropriate for QF contracts. However, GLREA on a separate basis extensively advocated that the term of QF contracts with CECO be much longer than that proposed by CECO. GLREA proposed in evidence and briefing that the QF contracts should be at least 17.5 years, or longer for certain types of QF projects, consistent with Section 6j(13)(b)(ii) of Act 304, MCL 460.6j(13)(b)(ii), which states in relevant part:

> The financing period for a qualifying facility during which previously approved capacity charges are not subject to commission reconsideration is 17.5 years, beginning with the date of commercial operation, for all qualifying facilities, except that the minimum financing period before reconsideration of the previously approved capacity charges is for the duration of the financing for a qualifying facility that produces electric energy by the use of biomass, waste, wood, hydroelectric, wind, and other renewable resources, or any combination of renewable resources, as the primary energy source.

GLREA also argued that the Commission could approve QF contracts for up to 35 years, as the Commission had previously done relative to CECO's entry into a PURPA contract with its then affiliate, the Midland Cogeneration Venture Limited Partnership (MCV), which contract extended for 35 years, and which determination was affirmed by the Michigan Court of Appeals. GLREA focused extensively on the need to allow QF contracts having a term of 17.5 years, or preferably longer, for the reason that such longer term contracts are necessary for a QF to secure financing either to continue to maintain an existing QF project, or for purposes of developing a new small power production or cogeneration facility under PURPA.

GLREA in its evidence and briefing also focused upon the Standard Offer Tariff to be made available to QFs. CECO originally proposed that the Standard Offer Tariff apply only to QFs of 100 kW or less, while the FERC regulations under PURPA give state Commissions the authority to apply the Standard Offer Tariffs to larger projects, up to 20 MW. GLREA proposed in this case that the Standard Offer Tariff be available to all QF projects up to 20 MW, as the availability of the Standard Offer Tariff can reduce negotiation and administrative costs for QFs (as the cost to separately negotiate contracts by small projects comprise an unbalanced cost burden in comparison to their size).

The MPSC Order issued on May 31, 2017, determined some of these major overriding issues consistent with GLREA's positions and recommendations, in whole or in part. For example, the MPSC ruled that long term contracts between the utility and QF projects may provide for a term of up to 20 years. The MPSC also ruled that the Standard Offer Tariff be available at this time to QF projects up to 2 MWs, in lieu of the much lower limit advocated by CECO, with the finding that said capacity limits could be reexamined and increased in the next PURPA reviews to be conducted in a two to five year period. The MPSC also ruled that the QFs should be awarded the Renewable Credits (REC)s, rather than the utility.

The MPSC order also determined that the Staff's method was the most appropriate model for calculating avoided costs pursuant to PURPA. The Commission also accepted the Staff's recommendation to apply ZRC capacity credits to intermittent QF resources such as wind and solar facilities to reflect their availability during seasonal and peak times. The Commission order also agreed that a 10 year planning horizon was the most appropriate for determining capacity requirements (instead of CECO's proposal to utilize a planning horizon of only 5 years for determining full avoided costs). The Commission's Order also dealt with other issues such as providing recognition of line losses, and concerning the ownership of RECs. The Commission Order agreed with GLREA and other parties that the ownership of RECs should be assigned to the QF and not to CECO, and also adopted a line loss credit of 2.37% in the Standard Offer Tariff until more information regarding line losses is available in the next PURPA avoided cost review.

The MPSC's May 31, 2017 order nevertheless remanded the case for further hearings before the ALJ to determine several technical issues relating to the development of avoided costs. While the Commission adopted the Staff approach as the appropriate method for determining avoided costs for energy and capacity, it also found that there was insufficient information on the record concerning the proper inputs to the models to arrive at an accurate determination. As a result, the Commission order remanded this case for the limited purpose of receiving evidence concerning the appropriate inputs for capacity, the capacity factor, heat rate, projected fuel costs, and capital costs, plus the amount of an ICE adder, for the Staff's hybrid proxy model.

GLREA has not participated in these remand hearings as they are extremely technical, and involve calculations and models that are specific to particular QF's and QF technologies. Other parties in the case representing specific QFs participated in this far more technical phase of this proceeding. GLREA, however, did file a post-hearing brief on remand.

Following completion of the first remand hearings, the Commission issued subsequent orders on July 31, 2017, November 21, 2017, December 20, 2017, and February 22, 2018, due to a series of rehearing petitions and motions filed by some of the parties. Final remand hearings were held on June 14, 2018.

GLREA was successful in obtaining favorable MSPC rulings on key major issues referenced above which are important to the overall

framework of utility/QF contracting, and to the non-discriminatory fostering of QF projects in accordance with federal law. These issues dealt with the longer contract length, the ownership of RECs, the adoption of a longer planning horizon to accommodate PURPA projects of 10 years in lieu of the 5 year proposal of CECO, and the expansion of the Standard Offer Tariff from CECO's proposal of 100 kW to a higher level of 2 MW (subject to further possible increases later up to the 20 MW recommended by GLREA in its evidence and briefing).

With respect to any cost/rate savings to regulated customers, GLREA notes that this case involved 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	DTE PURPA	16-03 17-03	$0 $12,000	$0 $0	$216 Pro Bono $3,986 Pro Bono

GLREA 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). GLREA filed testimony and exhibits, participated in the hearings, filed an initial and reply brief, and exceptions and replies to exceptions to the PFD of the ALJ.

GLREA specifically advocated that the QF/utility contracts should be available for a long-term period, of 20 or more years, in contrast to the utility proposal for contracts of limited duration of 3 to 5 years. GLREA similarly recommended that the Standard Offer Tariff be available for use by QFs for projects of up to 20 MW of capacity, in contrast to the utility proposal to limit the standard offer tariff to projects of no more than 100 kW (or 0.1 MW). GLREA recommended that the renewable energy credits (RECs) arising from the QF projects be awarded to the QFs, in opposition to the utility proposal that said RECs be awarded to the utility.

On July 31, 2017, the MPSC issued its initial order in this case. The order addresses 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 decided several major issues in a manner consistent with the Commission's rulings and findings concerning the PURPA QF contracts applicable to Consumers Energy Company pursuant to the Commission's Order in CECO Case U-18090, and consistent with GLREA's evidentiary presentation and briefing. For example, the Commission order concurred with GLREA's position that the PURPA QF contracts should be approved for a term of at least 20 years to ensure the finance ability of said projects, that ownership of Renewable Energy Credits be assigned to the QF, not the utility, and that the Standard Offer tariff be available to QFs of a larger size than advocated by DTE (of only 100 kW), up to a larger limit of 2 MW. (In fact, GLREA advocated that the Standard Offer Tariff should be an option that the QF could select for projects up to 20 MW, a limit authorized by regulations of the Federal Energy Regulatory Commission; the Commission order expanded the Standard Offer Tariff to 2 MW, without prejudice to this limit being increased further in the next biennial PURPA proceeding.)

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. Having focused on the key major issues noted above, GLREA did not find it necessary to participate in the remand hearings concerning various technical cost modeling matters. GLREA, however, did file a post-hearing brief on remand on September 22, 2017. The Commission has not yet issued a remand order in this case.

With respect to any cost/rate savings to regulated customers, GLREA notes that this case involved 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.

GRANTEE: RESDIDENTIAL CUSTOMER GROUP (RCG)

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-18218 U-18142 MPSC Orders issued December 20, 2016 and January 20, 2017 U-18250 MPSC Order issued September 22, 2017	CECO/Entergy Proposal to amend and terminate PPA regarding Palisades Nuclear Plant	17-05	$72,000	$0	$50,180 Pro Bono

U-18218:
On December 20, 2016, the MPSC issued its Order in U-18218 commencing an inquiry and investigation concerning a December 8, 2016 announced transaction by Consumers Energy Company (CECO) and Entergy Corporation (Entergy) proposing an early termination of a power purchase agreement (PPA) pursuant to which CECO purchases capacity and energy from the Palisades Nuclear Power Plant (Palisades) from a subsidiary of Entergy. The MPSC Order was issued in a dual docket, Case U-18218 (the Commission's inquiry and investigation) and Case U-18142, CECO's PSCR plan and forecast case filed for the year 2017.

The Palisades PPA had been approved by the Commission in its March 27, 2007 Order in Case U-14992 (for a 15 year term ending April 11, 2022). The December 8, 2016 CECO/Entergy announcement indicated a proposed PPA amendment pursuant to which Entergy would close Palisades permanently on October 1, 2018, and would receive a $172 million buyout payment from CECO on May 31, 2018 in exchange for the early termination of the PPA.

The Commission's December 20, 2016 Order in U-18218 noted that Palisades generates 811 megawatts (MW) of carbon-free electricity and is a major reliable baseload unit providing capacity and energy to CECO and to the MISO Region 7 covering the lower peninsula of Michigan. The order referenced CECO's indication that CECO would soon seek MPSC approval to securitize the $172 million payment by issuance of securitization bonds and to implement surcharges in customer rates to pay off bond principal and interest, and also to cover overhead issuance costs. The Commission order noted the Commission's concerns regarding the loss of this generation without immediate sufficient and reliable replacement sources of capacity and energy. The MPSC's December 20, 2016 Order in U-18218 therefore directed the utility to file information concerning several issues such as: (1) a detailed description of the alternative considered by CECO and/or Entergy in lieu of Palisades closure; (2) the provision of documentation concerning the analysis utilized to determine claimed cost savings under the proposal; (3) provision of detailed data and analysis on the cost of any new energy and capacity sources CECO seeks to use to replace Palisades; (4) identification of specific resources that will be available in a timely manner to replace the capacity and energy provided by Palisades including impacts on MISO Region Zone 7; (5) explanation of the bid process used for determining how replacement capacity will be procured, including analysis as to how CECO would comply with the Code of Conduct and affiliate guidelines involving replacement power to be procured from affiliates; (6) provision of information concerning how the amount of any buyout fee should be recovered through rates including the cost recovery mechanism and cost recovery and financing options, and comparing ratepayer costs and benefits; (7) provision of a detailed analysis of the adequacy of the amounts in the decommissioning trust fund, including updated information on the safe storage of spent nuclear fuel at the Big Rock Point facility (which Entergy assumed responsibility for as part of the PPA proposal approved by the MPSC in 2007 in Case U-14992); (8) provision of information on the effect of closing Palisades on emissions of nitrogen, sulfur dioxide, carbon dioxide, and fuel diversity; and (9) provision of information on bulk electric system impacts resulting from closure of Palisades and expected transmission upgrades to allow for the plant closure in October 2018.

The MPSC's December 20, 2016 Order in U-18218 required the provision of this information as expeditiously as possible and required CECO to file an updated 5-year forecast in its 2017 PSCR case, U-18142, within 30 days of the order.

On January 20, 2017, the MPSC issued another order in U-18218, which noted that CECO filed on January 6, 2017 a response to the December 20 Order. The MPSC Order stated that CECO indicated a decision on the proposed CECO/Entergy Palisades proposal had to be made by the fall of 2017 via a final order not subject to appeal by September 30, 2017. The MPSC Order noted that CECO planned to file for a securitization financing order pursuant to MCL 460.10h and 10i, and indicated information that the MPSC would need to review and address the issues in the securitization order, including whether the PPA buyout may be characterized and recorded as a regulatory asset, whether the buyout would be considered a qualified cost under MCL 460.10i(2); whether the PPA buyout amount would be a reasonable and prudent expense to be recovered from utility customers (including a comparison of the cost of replacement power with costs under the PPA), the need for the Commission to examine the difference between market cost projections for energy and capacity with and without Palisades; a determination as to how any claimed savings were to be allocated between CECO's customers and Entergy, and whether that allocation is reasonable in light of risks, benefits, and other factors including the benefits of the buyout payment; a determination whether resource adequacy will be ensured in MISO Zone 7 if a buyout goes forward; whether the schedules and key milestones for the various replacement power options are reasonable; whether Palisades would count as a capacity (a zonal resource credit) for planning year 2018 under MISO's module tariff E; how it can be assured that storage of nuclear waste and decommissioning activities are adequately funded; what mechanism could ensure that the claimed savings to customers materialized as the replacement power portfolio is implemented so that ratepayers realize savings; impacts on resource diversity; and an evaluation of all regulatory approvals or determinations pertaining to the replacement power portfolio, given their impact on the buyout payment, and on the cost and reliability of the replacement power supplies. The MPSC's January 20, 2017 Order in U-18218 ordered CECO to address the listed criteria or issues in any filing for a financing order related to the Palisades PPA amendments, and then also ordered that the U-18218 inquiry docket be closed.

On February 21, 2017, the RCG filed a motion for reconsideration, rehearing, and clarification, and motion to reopen, in MPSC Case No. U-

18218. On the same date, RCG filed a Petition to Intervene in Case U-18218. RCG's intervention noted that CECO on February 10, 2017 had filed an application with extensive testimony in MPSC Case U-18250, concerning CECO's application for a securitization financing order to facilitate the CECO/Entergy PPA proposals and transactions, particularly given that the securitization financing order process was subject to an extremely short statutory decision deadline. RCG asserted that the Commission's inquiry in U-18218 should proceed as a contested case with full participation by interested intervenors to pursue the issues relevant to the CECO/Entergy proposal. On March 28, 2017, the Commission issued its Order in U-18218 denying RCG's motions, and noting that RCG had been granted intervention in both the PSCR case U-18142 and in CECO's application for a financing order in U-18250 on or before March 9, 2017.

U-18250:
On February 10, 2017, CECO filed its application for a securitization financing order to fund its proposed Palisades PPA buyout previously agreed to by CECO and Entergy.

On May 9, 2017, RCG and a number of other parties, including Entergy, intervened in the case. Thereafter, RCG undertook extensive discovery of CECO, Entergy, and the MPSC Staff, and filed expert testimony and exhibits, and an initial brief and reply brief. Under the Commission's January 20, 2017 Order in U-18218 governing the securitization case procedures, no proposal for decision by the Administrative Law Judge was provided for as the Commission committed to reading the record and determining the case without a PFD on an expedited basis. On May 16, 2017, the following intervening parties filed simultaneous testimony and exhibits in the case: the MPSC Staff, RCG, Attorney General, and ABATE.

RCG's evidence and briefing in this case advocated that CECO's application for a securitization financing order should be denied for several reasons, including but not limited to the following: CECO could not establish or guarantee that any customer savings would result when comparing a guaranteed payment to Entergy of $172 million on May 31, 2018, in contrast to the highly uncertain and speculative projections of the cost for replacement capacity and energy over the four year period ending April 2022; the uncertain and ill-defined nature of CECO's proposed replacement power plan which included substantial resources from CECO affiliates owned or partially owned by CECO's parent company, CMS Energy, which were not yet even the subject of applications and/or regulatory approvals; the importance and need for Palisades capacity and energy to serve CECO customers reliably over the next four years; the high potential congestion costs and MISO penalty surcharges for Region 7 shortfalls that could result from the termination of the Palisades plan in 2018; the fact that CECO could not and would not guarantee that net savings to CECO's customers would result, including CECO's refusal to agree to a reconciliation process under Act 304 or other proceedings to ensure net customer savings over the four year period involving the early termination of the Palisades PPA, and RCG's demonstration that CECO's proposed securitization proposal was more expensive than other options such as financing any early termination through low cost CECO short term or intermediate term debt. RCG also opposed the additional high bloated cost of the securitization process in the form of legal and accounting costs, bond issuance commissions and fees, among a host of other costs totaling at least $12.6 million in addition to the proposed $172 million PPA buy out payment to Entergy, along with yet additional costs estimated to range up to a total of $193 to $197 million over the term of the financing period. RCG also proposed alternatives to the financing proposal such as to reconcile any asserted customer savings on an annual basis pursuant to Act 304.

The RCG also strongly advocated in evidence and briefing that the CECO proposal could not meet the statutory requirements for obtaining a securitization financing order under the governing statute. In this regard, CECO was in reality seeking to have the Commission make a management decision for CECO on a "take-it-or-leave it basis" in advance of undertaking any PPA buyout in a manner that contradicted with previous MPSC securitization orders, and also judicial precedent that the MPSC has no jurisdiction to make management decisions for the utility. The record established that CECO would not undertake any PPA buyout unless the Commission gave its advanced approval for the exact buyout proposed by CECO, without any conditions or modifications. Only thereafter would CECO some 1-2 years later undertake the securitization of the buyout. This proposal contrasted with previous securitization situations where the amounts to be securitized were already incurred costs on the utility books made pursuant to previous management decisions. RCG argued that no regulatory asset could be recognized as required by the securitization statute in these circumstances. RCG also advocated in evidence and briefing that CECO could not meet the other requirements of the securitization statute, including the requirement that the securitization be lower in cost in present value terms compared to readily available alternatives under conventional financing, and that CECO could not establish a statutorily required tangible and quantifiable benefits resulting from securitization. In fact, no comparison of these statutory requirements could be made under the proposal which provided for CECO to make a guaranteed payment to Entergy of $172 million on a date certain (May 31, 2018) in contrast to undertaking securitization one or two years later when market conditions and interest rates for bonds may well change, and when capacity and energy markets may change, among other risks, so as to obliterate any asserted savings to the securitization proposal.

The MPSC Staff's testimony included mixed and varying positions of witnesses. One Staff witness, citing various risks and costs to be shifted to ratepayers under CECO's proposal, recommended that the request for a regulatory asset be denied. Another witness cited the costs and risks related to congestion costs, MISO Region 7 penalty costs, and the ill-defined and uncertain costs of CECO's replacement power plan, and the possible impact on the Commission's determination of system reliability mechanism (SRM) costs to be determined by the MPSC under 2016 PA 341. Another non-attorney Staff witness asserted that CECO's proposal met the statutory criteria of the securitization statute, but admitted that he took no position on whether the CECO proposal should be granted. The MPSC Staff recommended that in the event the Commission were to authorize the securitization, that it be limited to a buyout payment of approximately $135 to $146 million, and that securitization be adopted over a six year period instead of the four year period proposed by CECO.

ABATE's witnesses also cited significant costs and risks associated with CECO's proposal, and suggested that, if securitization were granted, it be limited to a recognition of a buyout payment of approximately $101 million.

The Attorney General's witness criticized the customer savings claims by CECO noting that some of the savings were projected for many years

beyond the four-year period during which the securitization would be in effect, and that CECO's proposal did not account for the carbon free benefits of nuclear power from the Palisades Plant. However, the Attorney General filed no Initial Brief, and filed a Reply Brief that supported CECO's proposal.

Extensive settlement discussions were held among all parties, including RCG, after the hearings were completed. As time progressed, it appeared to RCG more likely than ever that no cost savings could result from CECO 's proposal, particularly when considering the large proposed buy-out payment, the additional $12.6 million of overhead transaction costs and securitization bond commissions, and the uncertainty of projections for four future years of MISO energy costs, possible capacity penalties, and substantial congestion costs which would be charged if the Palisades capacity and energy were lost for the period October 2018 to the end of the PPA on April 22, 2022.

The MPSC issued its order on September 22, 2017. After reviewing the evidence and briefs of the parties, the Commission authorized a securitization financing order which the Commission order (pp 88, paragraph X) ruled was irrevocable pursuant to MCL 460.10i(4).

Among numerous ordering paragraphs, the September 22, 2017 Commission's Order (p 82), paragraphs A, B, and C, stated:

> A. The general structure of the securitization transactions, the expected term of the securitization bonds, and the use of the securitization bonds' proceeds, as proposed by Consumers Energy Company and modified by this order, is approved, and Consumers Energy Company is authorized to proceed, at its sole discretion, with the sale of securitization bonds as set forth in this order.
>
> B. Consumers Energy Company is authorized to treat a payment to terminate the Power Purchase Agreement between Entergy Nuclear Palisades, LLC (as subsequently assigned by Entergy Nuclear Palisades, LLC, to Entergy Nuclear Power Marketing, LLC) and Consumers Energy Company, dated July 11, 2006, at the time of issuing the securitization bonds authorized in this financing order, up to the total amount of $136,650,000, as a regulatory asset and qualified costs as defined in MCL 460.10h(g).
>
> C. Consumers Energy Company is authorized to proceed with the issuance of securitization bonds for up to $142,151,600 of its qualified costs, as detailed in this order.

Within a day or two after issuance of the Commission's order, Entergy announced that it was terminating or withdrawing from the proposed PPA amendment agreement. However, the Commission's securitization or overall authorization of $142,151,600 remained, with no formal pleading filed by either CECO or Entergy concerning any cancellation of the proposed PPA amendment agreement. On or about October 23, 2017, RCG filed an appeal of the Commission's September 22, 2017 order in the Michigan Court of Appeals. Thereafter, the RCG, CECO, and the MPSC entered in a settlement of RCG's appeal whereby RCG would agree to a joint stipulation to dismiss its appeal, in exchange for CECO filing a formal pleading in MPSC Case U-18250 establishing that it was cancelling the proposed transaction, and would not be issuing securitization under the Commission's order. CECO's filing in this regard was made in the Commission's U-18250 docket on April 9, 2018.

RCG's participation in this case was instrumental with respect to the evidentiary, legal, and regulatory policy issues that were raised in the case. RCG also ascertains that it contributed to encouraging the Commission in its orders to reduce the proposed securitization from a minimum proposed figure of $184.6 million as proposed by CECO (excluding certain other additional costs which would have been insured by CECO), down to a figure of approximately $142 million, in part based upon RCG's attack on the bloated overhead expenses associated with the securitization process, the uncertainty of benefits to be ultimately achieved when contrasting a guaranteed payment of $172 million to Entergy in May 2018, compared to the uncertain replacement power costs to be incurred over the next four years to April 2022 when the existing PPA was to expire, and RCG's arguments that CECO's "take it or leave it" proposal to require the MPSC to approve its proposal without conditions or modifications, constituted an unwarranted intrusion upon the Commission's jurisdictional prerogative and an attempt to have the Commission make an advance management decision for CECO.

The exact savings that RCG achieved by its participation in the case, in conjunction with the MPSC Staff, and ABATE (considering the Attorney General's ultimate endorsement of CECO's proposal) is difficult to calculate in part because these parties all contributed to the Commission's final result, and because any potential cost savings, and the avoidance of cost burdens upon customers, could only be known if and when any securitization would have occurred, in comparison to the replacement power costs (including cost burdens of congestion costs, Region 7 penalties, replacement power and energy costs, etc) could be known, for the future period ending April 2022.

RCG is confident that the costs and risks to CECO's customers is substantially less under retention of the Palisades PPA into April 2022, and with the rejection of the CECO/Entergy transaction. The costs and risks for the residential class would also be less because the residential class universally comprises captive customers of CECO, whereas large industrial customers in part enjoy the benefits of customer choice or self-generation options by which said larger customers can act to avoid cost burdens that cannot be escaped by the residential class.

U-18142:
The RCG intervened in this power supply cost recovery (PSCR) Plan case for 2017, and the accompanying 5-year forecast case filed by CECO on or by September 30, 2016. The RCG fully participated in discovery, the filing of testimony and exhibits, hearings, the filing of initial and reply briefs, and the filing of exceptions and replies to exceptions from the Proposal for Decision (PFD) of the Administrative Law Judge (ALJ).

This case was subject to the potential impact from the Commission's decision to be rendered in CECO's securitization and Palisades PPA buyout proposal in U-18250. RCG raised other issues in the case dealing with some four other issues including review of CECO's coal

inventory costs related to decommissioned coal plants, and costs related to CECO's continuation of a lease (rather than exercising its option to purchase the 7.5 mile lateral gas pipeline interconnection between ANR pipeline company and CECO's Zeeland gas electric generating plant) among other issues.

This case is not further discussed because the Commission issued its order in February 2018, which will be the subject of RCG's 2018 report.

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-17771 (Amended) Order dated July 31, 2017 approving partial settlement agreement; Order dated August 23, 2017 resolving sole contested issue in case	CECO Energy Waste Reduction Plan	17-05	$6,000	$0	$4,300 Pro Bono

On March 13, 2017, Consumers Energy Company (CECO) filed its application in this case, designated as U-17771 (Amended), seeking to amend its previously approved Energy Optimization (EO) plan to reflect increased investments in Energy Waste Reduction programs, and to reflect provisions of the recently adopted Act 342 (2016 PA 342), which utilizes the term "Energy Waste Reduction" instead of "Energy Optimization" to characterize energy efficiency programs.

CECO's application proposed an increase under its amended plan of approximately $35.3 million above the amount approved in the EO Plan in Case No. U-17771, and an increase under its amended gas plan of approximately $10.5 million above the amount approved in the EO Plan in Case No. U-17771.

CECO's application (pp 6, ¶ 17) also sought approval of Energy Waste Reduction surcharges on customer rates to recover the electric and natural gas 2017 Amended Plan costs.

CECO's application (p 6, ¶ 18) also stated in part:

> Section 73(4) of Act 342 requires the Commission to issue an order on the Company's proposed 2017 Amended Plan within 90 days of the filing of the proposed amended plan.

A prehearing conference was held on May 11, 2017, at which time the intervention petitions of the Natural Resources Defense Council (NRDC), the MPSC Staff, and the Residential Customer Group (RCG) were granted. The intervention of ABATE was later granted by the ALJ based upon a stipulation of the parties on May 25, 2017.

In May 2017, the RCG participated in settlement discussions in U-17771 (Amended) with the other parties in the case (CECO, Commission Staff, RCG, NRDC, and ABATE). At the settlement meeting held on May 24, 2017, it appeared that all of the other parties except RCG would be amenable to entering into a settlement that would approve CECO's amendment to modify its Energy Waste Reduction program surcharges. RCG opposed CECO's amended plan because CECO proposed to allocate the rate surcharges in a manner that would be adverse to residential customers. CECO's plan proposed to misallocate the surcharges to have the residential customers subsidize the great bulk of the program investment and overhead costs in favor of the business class of customers.

On May 31, 2017 the MPSC issued an order to read the record and decide the case, without a Proposal for Decision (PFD) of the ALJ due, to the short 90-day statutory timeframe for issuance of a decision.

On June 6, 2017, the NRDC, RCG, and the Staff filed expert testimony and exhibits. ABATE did not file any expert testimony or exhibits. The RCG presented the testimony and exhibits of CPA William Peloquin detailing the misallocation of surcharges to residential ratepayers to fund the energy efficiency programs to benefit the business class. None of the other parties (except RCG) filed any testimony or exhibit analysis opposing CECO's cross-subsidization proposals.

On June 13, 2017, CECO filed rebuttal testimony and exhibits.

At the hearings held on June 30, 2017, the testimony and exhibits of all parties was entered into the record. Thereafter, the parties in ensuing days engaged in further discussions and exchanges of e-mails concerning settlement. In this process, the parties agreed to a draft settlement proposal that would alter the surcharges to each rate class commensurate with the investment or cost to be expended for the benefit of each class as proposed by RCG, without a misallocation or cross subsidization of the business class program by way of surcharges from the residential class, as proposed by CECO. The result was a partial settlement entered into by the parties that provided for surcharges of $535,000 to the residential class, and $34.5 million to the business class with respect to electric customers (which represented a complete reversal of CECO's proposed allocations to charge the residential class $34.5 million for the program for the business class of $34.5 million). A similar reallocation was agreed to, as proposed by RCG, which reduced surcharges to residential gas customers, from $6,861,000 to $3,012,000, by eliminating a similar cross-subsidization proposed by CECO.

On July 31, 2017, the MPSC issued its "Order Approving Partial Settlement Agreement" adopting the settlement agreement incorporating RCG's positions. In paraphrasing the Settlement Agreement, the MPSC Order (pp 2-4) stated in relevant part:

> The parties further agree that Consumers' proposed 2017 incremental investments in electric and gas EWR programs should be approved. In addition, the parties agree that for the purposes of settling the case, the costs of the additional 2017 electric and gas EWR investments will be allocated based on the level of EWR program spending within the rate class. 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 parties further agree that Consumers will recover the electric and natural gas amended 2017 EWR plan costs via the levelized surcharges set forth on page 1 of Attachment A to the partial settlement agreement. The full surcharges (the sum of the approved plan component, low income accounting adjustment, plus the approved performance incentive component) are set forth on pages 2 and 3 of Attachment A to the partial settlement agreement. The parties agree that the surcharges set forth in Attachment A shall continue in effect until the Commission issues a final order approving surcharges in Consumers' 2018-2021 EWR plan (Case No. U-18261). The parties also agree that the surcharges set forth in Attachment A are based on an assumed implementation in August 2017 customer bills. Likewise, the parties agree that, if the surcharges are implemented in September 2017 or later, they shall be modified accordingly.
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> * * *
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> Finally, the parties agree that the partial settlement agreement is intended to resolve all issues with the exception of whether the new financial incentive authorized by Section 75 of Act 342 applies to the EWR savings obtained on an annual basis during 2017, or whether the financial incentive authorized by Section 75 of Act 342 should be prorated to apply only to the part of 2017 after April 20, 2017 when Act 342 became effective. The parties agree to brief this single issue pursuant to the procedural schedule in place for this proceeding. In order to implement the 2017 EWR surcharges in an expeditious manner, the parties request that the Commission issue an order approving the partial settlement agreement as soon as reasonably possible after briefs and reply briefs have been filed.

As noted, the partial settlement agreement provided for the parties to file briefs concerning the sole remaining issue in this case. Only the Staff, RCG, and CECO filed simultaneous initial and reply briefs on the remaining issue. The RCG and Staff asserted that the financial incentives allowed under Act 342 are only allowed on a prospective basis after the April 20, 2017 effective date of Act 342, whereas CECO argued that the financial incentives should apply to the entirety of calendar year 2017.

On August 23, 2017, the MPSC issued its Opinion and Order adopting the position of RCG and the Staff stating in relevant part as follows (Order, p 10):

> Accordingly, the Commission finds that, even though Consumers' annual incremental savings apply to the full 12 months of 2017, the effective date that the increased EWR financial incentives begin is the effective date of Act 342, April 20, 2017. Thus, the Commission agrees with the Staff's and RCG's position that the financial incentives in place prior to Act 342's effective date (i.e., the lesser of the 25% and 15% caps set forth in Section 75 before its amendment) govern the period beginning January 1, 2017, and extending through April 19, 2017, and that the financial incentives for Consumers' EO and EWR plans must be prorated accordingly.
>
> THEREFORE, IT IS ORDERED that the Energy Waste Reduction financial incentives set forth in MCL 460.1075, as amended by 2016 PA 342, are to be prorated from the effective date of Act 342 on April 20, 2017. Prior to that date, the limitations to the Energy Optimization plan financial incentives set forth in MCL 460.1075, prior to its amendment, remain in place.

The net result of RCG's efforts in this case U-17771 (Amended) is that the residential class would be saved $35.1 million for electric customers and $3.8 million for gas customers for the 18 months the incremental surcharges were expected to be in effect.

RCG asserts that these savings should be viewed as continuing because the RCG was successful in ensuring that no cross-subsidization by the residential class would be adopted in CECO's subsequent Energy Waste Reduction case for the years 2018-2021,which was approved by an MPSC Order dated January 23, 2018 in Case U-18261. This subsequent case provided for larger surcharge amounts for a longer period. The precedent established in U-17771 (amended) to ensure against disproportionate allocations and cross subsidization by the residential class of EWR programs benefitting the industrial class, was also adopted in U-18261 as advocated by RCG in extensive settlement discussions.

The savings achieved from RCG's participation in this case was $34.5 million for CECO's residential electric customers, and $3.895 million for CECO's residential gas customers, which would have otherwise been charged to the residential class in the form of EWR surcharges for the period on and after approval of the plan which occurred on July 31, 2017. The result also prevented an unconscionable cross-subsidization of industrial customers by residential customers to fund the program mostly benefitting the industrial customers. These savings to the residential

class should be equivalent in present value terms because the savings were contemporaneous with the issuance of the Commission's Order.

The RCG participation in the briefing on the remaining issue carved out of the partial settlement agreement for determination by the Commission also benefitted residential customers. In simultaneous briefs filed by the RCG and the MPSC Staff, the RCG asserted that any financial incentive payments to CECO resulting from achievement of the EWR goals and prescribed goals and achieved results should be calculated prospective on and after the adoption of 2016 PA 342, effective on April 20, 2017, and not for a prior time period starting January 1, 2017 as advocated by CECO. The Commission's August 23, 2017 Order adopted the positions advocated by RCG and the MPSC Staff on this issue, which will reduce the financial incentive payments to be calculated in the EWR reconciliation case recently filed by CECO on May 31, 2018 in Case U-20028.

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-17762 MPSC Order dated September 15, 2017 approving settlement agreement	DTE Energy Optimization Plan	17-05	$6,000	$3,351	

On May 10, 2017, DTE Electric Company (DTE) filed its Application for approval of its amended energy optimization plan.

On May 31, 2017, the MPSC issued its order to read the record, and to dispense with a PFD by the ALJ, to meet the statutory mandate to issue a decision within 90 days of the application filing.

At a prehearing held on June 15, 2017, the interventions of several parties were granted including: NRDC, Environment Law & Policy Center, ABATE, RCG, and the MPSC Staff.

Subsequently, settlement discussions were undertaken by the parties, which resulted in a settlement agreement which was filed on August 10, 2017.

The Residential Customer Group (RCG) fully participated in a number of in-depth settlement meetings concerning DTE Energy's optimization plan. The review undertaken by RCG counsel and RCG's expert witness focused upon whether cross-subsidization existed or would result from DTE's plan with respect to the allocations of plan costs and benefits among the residential, commercial, and industrial classes. The RCG entered into the settlement based upon its determination that no cross-subsidization of other customer classes by the residential classes would occur under DTE's plan.

The result of the various settlement meetings was the development and entry into a settlement agreement which the MPSC approved by its order dated September 15, 2017.

RCG in this case successfully ensured that the residential customer class would not subsidize other customer classes under DTE's plan. RCG's participation thus did not reduce residential rates, but nevertheless accomplished a protective purpose benefitting the residential class.

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-18197 MPSC Orders issued January 12, 2017, May 11, 2017, June 15, 2017, July 31, 2017, September 15, 2017, and November 21, 2017	Electric Reliability Plan	17-05	$2,000	$56	$432 Pro Bono

On January 12, 2017, the Commission issued its order in this docket requiring all Michigan regulated electric utilities to file by April 21, 2017 an assessment of the utility's ability to meet its customers' expected electric requirements in the 2017-2021 timeframe. This is a process that the Commission commenced in 1998 and expanded thereafter.

On May 11, 2017, the Commission issued an order in this docket indicating that as a result of the passage of 2016 PA 341, effective April 20, 2017, Section 6w of Act 341 became effective pursuant to which the Commission is authorized to undertake certain reviews concerning this subject. The Commission order noted that in a companion multi-captioned order also issued on May 11, the Commission commenced a series of technical conferences for purposes of determining how Section 6w will be implemented and what evidence will be required in order to make the capacity demonstrations mandated by Section 6w(8) for utilities, alternative electric suppliers, electric cooperatives, and municipally owned electric utilities.

In the multi-listed docket issued in U-18197, U-18239, and U-18248, among other dockets, the Commission's companion May 11, 2017 Order referenced the Commission's March 17, 2017 Order in a multi-listed case numbers U-18239, et al, in which the Commission directed the Staff to convene technical conferences in U-18197 to examine resource adequacy issues, to develop recommendations for requirements for capacity demonstrations for entities subject to the state reliability mechanism (or SRM) including the development of filing requirements, recommendations regarding load forecasts, reserve margin requirements, and locational requirements for capacity resources, and to develop recommendations regarding the capacity obligations for load that pays an SRM charge to a utility.

The Commission's May 11 Order was a follow-up to its March 10 order that established the technical conferences in U-18197 to address certain issues related to the implementation of Section 6w of Act 341. The Commission Order expressed concern that CECO and DTE Electric filed testimony pertaining to the capacity demonstration issues in both their SRM cases (CECO Case U-18239 and DTE Case U-18248, and also in their currently pending general electric rate cases, CECO Case U-18322, and DTE Case U-18255). This Commission order clarified that the establishment of the format for the capacity demonstration process shall be handled in Case U-18197 via technical conferences and not in the SRM or electric rate cases. The Commission's May 11, 2017 Order also provided the opportunity to stakeholders to provide comments and reply comments regarding three threshold issues regarding capacity demonstrations under Section 6w(8), namely: whether there should be a uniform methodology for capacity demonstrations among types of providers and among service territories; whether there should be a "locational requirement" for resources used to satisfy capacity obligations, and whether individual load serving entities should be required to demonstrate a share of the overall locational requirement. The order provided for comments on these issues to be filed on May 26 with reply comments on June 5, 2017. The order noted the setting of a technical conference for June 8, 2017. The order provided for the Staff to file a report and recommendations on August 1, 2017, to which interested persons may file subsequent comments and reply comments.

In connection with this Commission Order, the RCG filed comments on the three designated issues on May 26, 2017 in Dockets U-18197, U-18239, and U-18248. The RCG also participated in technical conferences held at the Commission.

On May 26, 2017, the RCG, among several other parties, also filed motions and participated in arguments in DTE's electric rate case, U-18255, and CECO's electric rate case, U-18322, concerning the relationship of the Section 6w SRM cases (U-18239 and U-18248) as it affected the CECO and DTE Electric rate cases, and the specific rates proposed by each utility in those cases.

On June 15, 2017, the Commission issued a further order in a multi-listed case including U-18197, U-18239, and U-18248, among other dockets, making findings and rulings concerning each of the three issues made subject to comments by interested parties pursuant to the Commission's May 11, 2017 Order. The June 15 Order determined that capacity demonstrations shall be in accordance with the deadlines established in Section 6w(8), that a uniform methodology for capacity demonstrations shall be applied to all electric providers and service territories, and that remaining technical conferences shall address the appropriate design of a locational requirement for capacity obligations under Section 6w.

Also on June 15, 2017, the MPSC issued its order in DTE's rate case, U-18255 granting DTE's May 26, 2017 Petition for Rehearing in that case, finding that the Commission's May 11, 2017 order in U-18197, *et al*, did not foreclose any parties' opportunity to update the inputs, data, and evidence in U-18248 in DTE's general rate case, U-18255, but clarifying that the capacity demonstration issues being resolved in U-18197 "shall not be subject to re-litigation in Case No. U-18255."

On July 12, 2017, the MPSC similarly issued an Order granting CECO's rehearing petitions filed in CECO's general rate case, U-18322. The Commission's rehearing order ruled in part:

> B. The Commission's May 11, 2017 order in Case No. U-18197 et al. is clarified to indicate that the Commission did not intend to require the parties and Administrative Law Judge Sharon L. Feldman to expend their time and resources re-litigating issues in Case No. U-18322 on which there is no debate, fundamental dispute, or change of circumstances from the positions taken in Case No. U-18239.
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> C. The Commission's May 11, 2017 order in Case No. U-18197 et al. is further clarified to indicate that the Commission did not intend to foreclose any party's opportunity to update the inputs and data and other evidence submitted in Case No. U-18239 in their presentations in Case No. U-18322 that could have an impact on Consumer Energy Company's rates, terms, or conditions of service.
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> D. The capacity demonstration issues that are being resolved in the context of the technical conferences and through briefing established by the Commission in Case No. U-18197 shall not be subject to re-litigation in Case No. U-18322.

On July 31, 2017, the Commission issued its "Order Summarizing Investigation and Partially Closing Docket" in U-18197. The Commission order indicated that the 5-year outlook illustrates the tightening of capacity supplies in Michigan but that Michigan's near term supply outlook for the summer of 2018 in MISO Zone 7 will be adequate. The Commission order noted that the Commission's previous annual investigations into electric reliability will take place under Section 6w of Act 341 commencing with the effectiveness of that Act on April 20, 2017. The Commission therefore ordered that the part of this docket addressing the Commission's annual electric reliability investigation should be closed.

On September 15, 2017, the Commission issued another order in U-18197, establishing the format and requirements for electric providers in the state to make demonstrations to the Commission that they have sufficient electric capacity arrangements pursuant to Section 6w. The Commission order summarized its previous orders in the docket, and the holding of technical conferences and the issuance of the August 1,

2017, Staff Report. The order also reviewed the provisions of state law (Section 6w) and the inter-relationship with federal law and MISO regulation. The Commission Order also detailed the capacity demonstration process and the capacity obligations under Section 6w. The Commission Order also discussed the forward locational requirement under Section 6w, and indicating the Commission's intention to open a new docket for determining the methodology to set a forward locational requirement for the 2022-2023 planning year and subsequent planning years. The Commission order also referenced a Commission order issued in Case U-18441 on September 15, 2017 to be the repository for all electric providers' filings for the initial demonstrations. The Commission Order clarified that the Commission was not imposing a requirement for a local clearing requirement under Section 6w for the planning years 2018 through 2021, pending receipt of additional information through a formal hearing process to determine the proper methodology and allocation of a locational requirement which would apply in 2022. The Commission order also then found that docket U-18197 was closed.

On November 21, 2017, the Commission issued a further order in U-18197 to respond to certain rehearing petitions and a Court appeal filed by certain other parties. The Commission order partially granted and clarified its orders in response to these rehearing petitions.

The RCG participated in this docket (and related dockets) to evaluate the implementation of the Section 6w requirements, and comment on the issues presented by the Commission in its orders, and to also participate in the clarification of the relationship of the Section 6w SRM cases (and potential rate charges) and the separate general electric rate cases filed by both CECO and DTE which had included similar issues and rate proposals. The RCG participated in a number of collaborative meetings of the utilities and a number of stakeholders including independent power producers and customer groups such as the RCG, to scope out the issues and facts relevant to this inquiry.

This docket (and related dockets) primarily involved regulatory policy and implementation issues involving the requirements of Section 6w, and did not ultimately result in an outright rate savings to residential customers in this particular case. However, the SRM charges will directly affect base electric rates and PSCR rate factors, on prospective basis.

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-18239 MPSC Orders issued on January 20, 2017, February 28, 2017, March 10, 2017, May 11, 2017, June 15, 2017, and November 21, 2017	CECO's 6w SRM case	17-05	$3,000	$56	$1,584 Pro Bono

On January 20, 2017, the Commission commenced this case to implement Section 6w of Act 341 for CECO, and set a schedule for the filing of CECO's application and for interventions and participation by other parties.

On February 28, 2017, the Commission issued an order suspending the case schedule and seeking comments on the future scope and schedule for the case. This MPSC Order resulted from a February 2, 2017 Order issued by the Federal Energy Regulatory Commission (FERC) which rejected MISO's proposed tariff proposing a forward resource auction. This Commission order recognized that the MPSC should turn its attention to implementing the alternative State Reliability Mechanism (SRM) required under Section 6w(2) of Act 341.

The MPSC then issued its March 10, 2017 Order, which required CECO to file an application to implement an SRM charge by April 11, 2017, along with supporting testimony and exhibits.

The RCG among numerous other parties filed a Petition to Intervene on March 1, 2017, which was granted by the ALJ at a prehearing held on April 25, 2017.

On May 11, 2017, the Commission issued an order in this and other dockets seeking comments on three threshold issues. This order posed specific questions to be responded to by interested parties. RCG filed responses to the Commission's listed issues on May 26, 2017, and also participated in filings and arguments held in CECO's contemporaneous electric rate case, U-18322, to determine the inter-relationship between the system availability surcharges to be determined under Section 6w of 2016 PA 342 and the determination of rates in CECO rate case U-18322. The Commission thereafter issued a June 15, 2017 Order in U-18197 addressing the threshold questions related to the capacity demonstration process.

On August 16 and 23, 2017, evidentiary hearings were held in this case, which included participation by several parties, but not RCG at that stage.

On November 21, 2017, the Commission issued its order in this case, U-18239, making a number of determinations clarifying issues concerning the levying of the SRM capacity charge on retail open access customers, and determining that, commencing June 1, 2018, CECO shall implement an SRM capacity charge for full service customers of $109,714 per megawatt-year or $300.59 per megawatt-day. The

Commission order also provided for reconciliations to be conducted in CECO's annual power supply cost recovery reconciliation proceedings. The Commission order also provided that the SRM capacity charge shall be levied by CECO on retail open access customers of an alternative electric supplier if the supplier fails to make a satisfactory demonstration regarding its forward capacity obligations under Section 6w(8). The order also directed CECO to file a stand alone contested case for the annual review of its SRM capacity charge by April 1, 2018, and annually thereafter, unless the utility expects that the annual review will be taking place in a rate case or PSCR case that will conclude by December 1 of each year.

This docket (and related dockets) primarily involved regulatory policy and implementation issues involving the requirements of Section 6w, and did not ultimately result in an outright rate savings to residential customers in this particular case. However, the SRM charges will directly affect base electric rates and PSCR rate factors on a prospective basis.

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-18248 MPSC Orders issued on January 20, 2017 February 28, 2017, March 10, 2017, May 11, 2017, June 15, 2017, November 21, 2017, February 5, 2018	DTE'S Section 6w SRM case	17-05	$3,000	$56	$270 Pro Bono

On January 20, 2017, the MPSC commenced this case for implementation of Section 6w of Act 341 for DTE Electric and set a schedule for filings in the case.

On February 28, 2017, the Commission issued an order suspending the previously set schedule and sought comments on the proposed scope and schedule for the case. This action resulted from a February 2, 2017 FERC order rejecting MISO's proposed tariff relating to a forward resource auction.

On March 10, 2017, the Commission issued a scheduling order directing DTE Electric to file an application to implement an SRM by April 11, 2017 and setting dates for intervention and further proceedings.

On April 11, 2017, DTE Electric filed its application with supporting testimony and exhibits for an SRM capacity charge pursuant to Section 6w of Act 341.

On March 2, 2017, the RCG filed its Petition to Intervene in this case which was granted by the ALJ at a prehearing conference held on April 25, 2017. The ALJ set a schedule to permit the MPSC to issue an order no later than December 1, 2017 as required by Section 6w.

On May 11, 2017, the MPSC issued an order clarifying the procedure for establishing the format of the capacity demonstration process and seeking comments on three threshold issues. RCG filed comments on these three threshold issues on May 26, 2017, and thereafter also participated in motions and hearings in DTE Electric rate case U-18255, which focused upon the inter-relationship between that rate case and this SRM case.

On June 15, 2017, the MPSC issued an order in this case and in Case U-18197 addressing the threshold questions presented in the Commission's May 11, 2017 order.

Evidentiary hearings in this case were held on August 31, 2017, in which several parties participated (but not RCG).

On November 21, 2017, the Commission issued its order, the results of which are capsulized in the Commission's ordering paragraphs, pages 79-80, as follows:

> A. If a state reliability mechanism capacity charge is levied on retail open access customers at the conclusion of a show cause proceeding for planning year 2018-2021 it shall be for the first four consecutive planning years and any charge levied at the conclusion of a show cause proceeding shall be levied and applicable for a single year.
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> B. Beginning June 1, 2018, DTE Electric Company shall implement a state reliability mechanism capacity charge of $97,527 per megawatt-year, or $267.20 per megawatt-day, for full service customers, using DTE Electric Company's proposed year-round rate design as modified in accordance with this order, illustrated in Attachment A. Within 30 days of the issuance of the final order in Case No. U-18255, DTE Electric Company shall file tariff sheets substantially similar to those contained in Attachment A. Due to the size of Attachment A, it is not physically attached to the original order contained in the official docket or paper copies of this order, but is electronically appended to this order, which is available on the Commission's website.

C. In DTE Electric Company's annual power supply cost recovery reconciliation proceeding, the amounts forecasted pursuant to MCL 460.6w(3)(b) shall be reconciled against actual amounts, consistent with the requirements of MCL 460.6w(4), as a separate reconciliation.

D. If an alternative electric supplier operating in DTE Electric Company's service territory fails to make a satisfactory demonstration regarding its forward capacity obligations pursuant to MCL 460.6w(8), the resulting state reliability mechanism capacity charge shall be levied by DTE Electric Company on the retail open access customers of that alternative electric supplier on a pro rata basis.

E. DTE Electric Company is directed to file a standalone contested case for the annual review of its state reliability mechanism capacity charge by April 1, 2018, and annually thereafter, unless the utility expects that the annual review will be taking place in a rate case or power supply cost recovery case that will conclude by December 1 of each year. If the utility does not file a standalone contested case by April 1, 2018, it shall notify the Commission in this docket of the expected approval path and timing for the annual review of the state reliability mechanism capacity charge.

This docket (and related dockets) primarily involved regulatory policy and implementation issues involving the requirements of Section 6w, and did not ultimately result in an outright rate savings to residential customers in this particular case. However, the SRM charges will directly affect base electric rates and PSCR rate factors, on a prospective basis

Michigan Environmental Council (MEC) www.environmentalcouncil.org. MEC is a 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. CARE is a 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 energy customers", 6m (11). The objective to participation in these federal proceedings is to encourage the regional transmission authority (MISO and PJM) to adopt policies and transmission tariffs which reduce PSCR costs of Michigan's residential ratepayers.

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). RCG is a non-profit organization comprising residential customers located in the service territories of both Consumers Energy Company (CECo) and DTE Electric (DTE).