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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION
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March 3, 2014

Honorable Rick Snyder
Governor of Michigan

Honorable Members of the Michigan Senate

Honorable Members of the Michigan House of Representatives

The enclosed *2013 Annual Report* is submitted on behalf of the Michigan Public Service Commission (Commission) in accordance with Section 5a of 1989 PA 33; MCL 460.5a. The report is also available on the Commission's website.

The Commission extended its consumer outreach efforts by participating in 73 events throughout the state ranging from utility-sponsored Customer Assistance Days to fairs. The Commission continues to make its Commission meetings available via podcast. The Commission handled 12,309 consumer contacts and assisted consumers and businesses with more than 6,635 electric and natural gas complaints and inquiries, 1,775 telecommunications complaints and inquiries, and 1,229 video/cable complaints and inquiries.

The Commission issued 630 orders, consisting of 166 telecommunications orders, 393 electric orders, 69 natural gas orders, and two motor carrier orders. The Commission also issued 22 minute actions.

Among the orders issued by the Commission during 2013 were approvals of applications to replace, construct, or operate six natural gas and two hazardous liquid pipelines. Commission gas safety engineers performed inspections and investigated all jurisdictional incidents that met the US Department of Transportation requirements. The Commission also assessed two civil penalties totaling \$430,000 from Consumers Energy Company for non-compliance with the Michigan Gas Safety Standards in two pipeline explosions.

The Commission also revised the retail natural gas rates of Michigan Gas Utilities Corporation, and the retail electric rates of Consumers Energy Company and Upper Peninsula Power Company.

The Commission handled two propane-related energy emergencies, one in the Upper Peninsula and one statewide, during 2013.

Over 350 applications for motor carrier original intrastate operating authority were received and processed. More than 21,000 Unified Carrier Registration renewal notices were mailed to private, for hire, and exempt carriers operating in interstate commerce, as well as interstate brokers, freight forwarders, and leasing companies in both Michigan and the Province

of Ontario. The Commission collected or received \$7,545,354 from the Unified Carrier Registration program.

The Commission's work in the telecommunications area included approving or amending licenses for 12 telephone companies. The Commission also approved 57 carriers as eligible telecommunications carriers to apply for federal Universal Service funding. Additionally, the Commission has had great success with the Connect Michigan program to advance the deployment of broadband. Michigan enhanced its national leadership position in broadband deployment as eight more counties earned "Connected Community" certification and many other communities participating in the certification process, developing plans to expand broadband access, adoption, and use in the communities.

Throughout 2013, the Commission maintained its commitment to address the needs of Michigan's low-income and senior citizens, awarding nearly \$90,000,000 in MEAP grants for low-income energy assistance to various organizations. The awards provide immediate assistance for heating needs as well as longer term assistance in reducing future heating costs for low-income and senior citizens.

In 2013, the Commission undertook a series of process improvement initiatives, including a reboot of the MPSC Scorecard, a record of the Commission's performance on key indicators. Each division has metrics on the MPSC Scorecard to assess and be held accountable for its performance. The Scorecard is updated monthly. The Commission continues to strive for excellence in the performance of its services.

We continue to look forward to working with you on energy, telecommunications, motor carrier, and other matters to enhance services to and ensure adequate protection of Michigan residents and businesses.

Very truly yours,

John D. Quackenbush, Chairman
Michigan Public Service Commission

Greg R. White, Commissioner
Michigan Public Service Commission

Sally A. Talberg, Commissioner
Michigan Public Service Commission