



2021 Annual Report

March 7, 2022

Dan Scripps, Chair
Tremaine Phillips, Commissioner
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Executive Summary

This annual report of the Michigan Public Service Commission (MPSC or Commission) is developed in accordance with Section 5a of Public Act 3 of 1939, as amended, MCL 460.5a, and provides a summary of the Commission's activities.

The MPSC experienced a remarkable year in 2021 as it worked toward a new normal amidst the COVID-19 pandemic to maintain Michiganders' access to safe, reliable, and affordable energy and telecommunications services.

The Commission completed multiple rate cases and other proceedings; issued nearly 460 orders and minute actions; held several public hearings, meetings, and stakeholder forums; and managed over 17,000 filings and comments submitted to the MPSC's E-Dockets system.

Other highlights include participating in many new taskforces throughout state government; marking another year of MI Power Grid activity; offering new and additional energy assistance and utility service shut-off protections; ramping up diversity, equity and inclusion efforts; engaging Michigan's tribal communities with a two-part forum; implementing the Commission's strategic plan; continuing with inspections of Michigan's natural gas pipeline infrastructure; updating cybersecurity and risk plans; addressing safety and reliability challenges in the wake of a summer of weather-related storm outages and the utility distribution planning process within rate cases; approving electric vehicle pilot programs; reviewing rules governing pole attachments; and facilitating broadband expansion.

Streamlining the energy and telecommunications assistance process and developing resources to help educate Michiganders on obtaining assistance also continues to be a Commission priority, with the help of our partners and stakeholders. This includes the launch of the Energy Affordability and Accessibility Collaborative in coordination with the Energy Waste Reduction Low-Income workgroup to address the Commission's ongoing COVID-19 response to affordability, transparency, and community engagement.

Who We Are

The Michigan Public Service Commission (MPSC or Commission) is the state regulatory body charged with serving the public by ensuring safe, reliable, accessible energy and telecommunications services at reasonable rates. The Commission regulates the rates and services of investor-owned natural gas and electric utilities, authorizes energy infrastructure proposals, implements state law governing competition and other aspects of the energy and telecommunications industries, and monitors the safety of inter- and intra-state natural gas pipelines.

The Commission is a three-member body of commissioners appointed by the Governor with the advice and consent of the State Senate to staggered, six-year terms. The MPSC has a professional staff of approximately 180 individuals with expertise in engineering, accounting, finance, law, economics, and other fields.

Section 5a of Public Act 3 of 1939, as amended, MCL 460.5a, requires the MPSC to file an annual report with the Governor and the Legislature on or before the first Monday of March each year.



Commission Members



[Dan Scripps](#) was appointed by Governor Gretchen Whitmer to the Michigan Public Service Commission on February 21, 2019 and was designated as Chair in July 2020. His term ends on July 2, 2023. He has been active on the Upper Peninsula Energy Task Force, the Michigan Dam Safety Task Force, and the Michigan Council on Climate Solutions. Chair Scripps is a member of the National Association of Regulatory Utility Commissioners and serves on its Committees on Critical Infrastructure, Gas, and International Relations, as well as the Task Force on Emergency Preparedness, Recovery, and Resiliency and the Washington Action Program. He also chairs MISO's Regional Expansion Criteria and Benefits Workgroup and serves on the executive committee of the Organization of MISO States and the Mid-America Regulatory Conference.



[Tremaine Phillips](#) was appointed by Governor Gretchen Whitmer to the Michigan Public Service Commission on September 9, 2019. His term ends on July 2, 2025. Commissioner Phillips is a member of the National Association of Regulatory Utility Commissioners where he serves on its Committees on Consumers and the Public Interest, Critical Infrastructure, and as Co-Vice Chair on the Committee on Telecommunications. He also serves on the board of directors of the Organization of PJM States and represents the Commission on Governor Gretchen Whitmer's Michigan Poverty Task Force, the Michigan Council on Future Mobility and Electrification, and the Connecting Michigan Task Force. In February 2020 he was appointed to serve on the NARUC Broadband Expansion Task Force, a two-year effort to identify best practices and solutions to improve broadband access in underserved communities throughout the country.

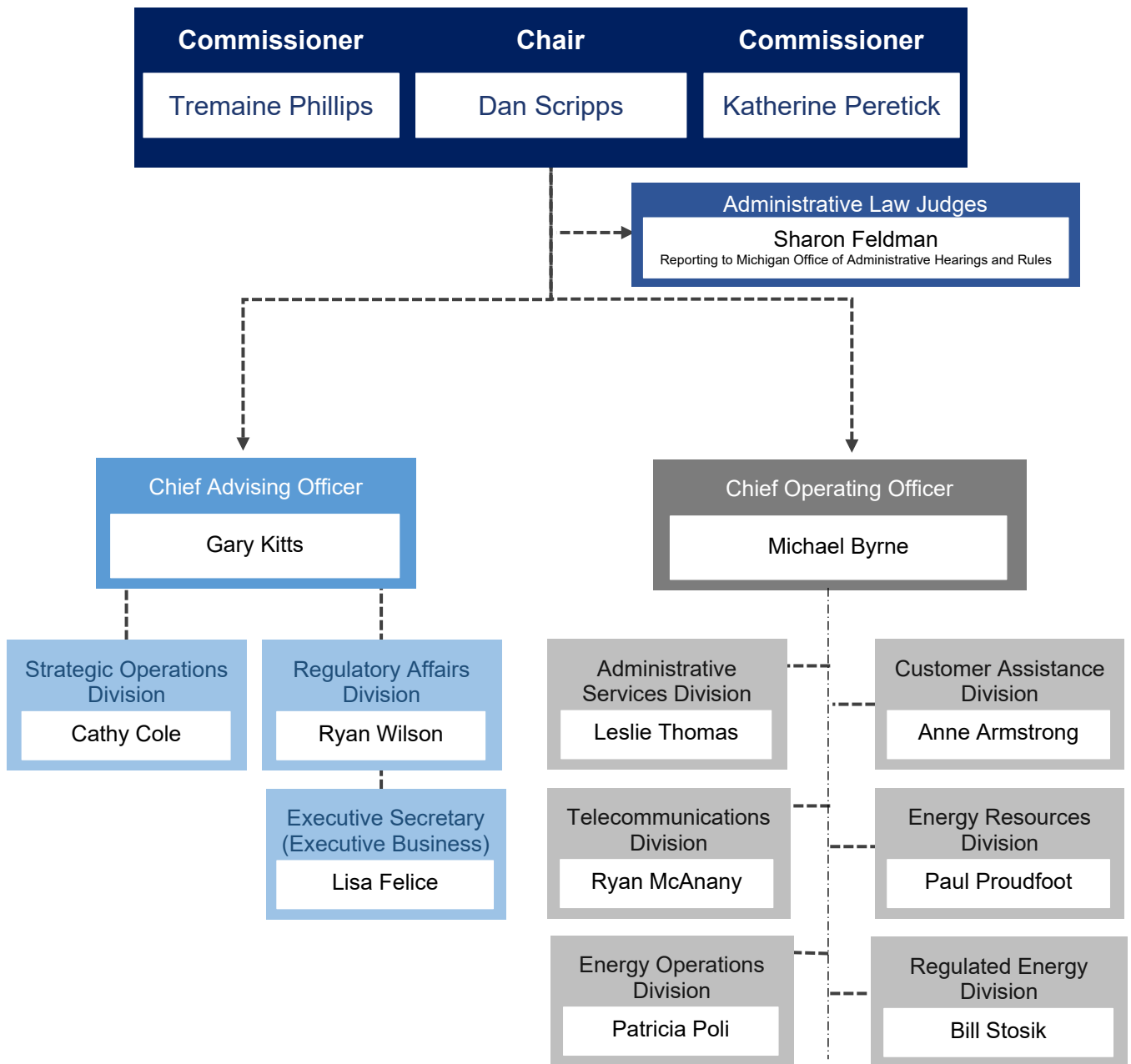


On January 4, 2021, [Katherine Peretick](#) was appointed by Governor Gretchen Whitmer to the Michigan Public Service Commission to fill a vacant term, and was re-appointed to a full term on July 3, 2021. Her term ends July 2, 2027. Commissioner Peretick came to the Commission with an extensive background in energy storage project development and technology engineering. As a member of the National Association of Regulatory Utility Commissioners, she serves on the Committee on Electricity and the Subcommittee on Nuclear Issues-Waste Disposal, and is a member of the DOE-NARUC Nuclear Energy Partnership. She serves as co-chair of the Michigan Council on Climate Solutions workgroup, and she also served as Vice President of Advancing Women in Energy.

Organizational Structure

It was a year of learning for the MPSC as we instituted rules and procedures to better assist the remote working environment.

Below is the organizational structure of the MPSC, including division directors, at the end of 2021.



Mission, Vision, Goals, Priorities, Strategic Initiatives

Our mission is at the heart of our work. It informs our goals, decisions, and initiatives in serving Michigan residents. The Commission implemented a revised mission and vision statement in January 2021 as part of our new strategic plan.



MISSION STATEMENT

To serve the public by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates.

- Making well-informed decisions at every level of the organization
- Meaningfully engaging the public
- Enabling innovation for the future

VISION STATEMENT



KEY GOALS

1. Empower customers to make informed utility choices.
2. Assure safe, secure, and reliable utility services and infrastructure.
3. Assure accessible and affordable utility services through regulatory oversight.
4. Cultivate open and diverse communication and education.
5. Create a culture of excellence through an informed and competent workforce, in a welcoming and comfortable work environment.

STRATEGIC INITIATIVES

1. MI Power Grid
2. Diversity, Equity, and Inclusion (DEI)
3. Implementation of Recommendations contained in the 2019 Statewide Energy Assessment
4. Energy Waste Reduction Low-Income and Energy Affordability and Accessibility Collaborative
5. Preparedness for extreme weather events



In Michigan there are

75,338

Lifeline customers.



The Michigan Energy Assistance Program awarded

\$55

million in grants,
which provided for



57,163

energy assistance payments
& self-sufficiency services to
low-income households



The MPSC monitored at-risk natural gas
infrastructure and authorized the replacement of

380

miles of gas
distribution pipelines



&

25,000

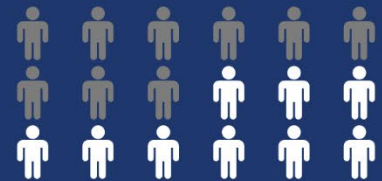
gas meters
inside homes.



The MPSC assisted

10,646

customers with energy and
telecommunications issues.



MI Utilities
spent around

\$419

million on
EWR programs



MI Utilities saved
a combined

1.52

million MWh
in electricity



&

6.17

million Mcf
in natural gas



resulting in around

\$1.42

billion in savings for all
Michigan residents
and businesses.

resulting in

over
21
million
MWh

&

over
83
million
Mcf



of savings for the
life of the measures.

Partnerships with State Departments

Michigan Department of Environment, Great Lakes, and Energy (EGLE)	<ul style="list-style-type: none"> Integrated Resource Plan advisory opinions Interagency Environmental Justice Task Force MI Healthy Climate Plan Michigan Council on Climate Solutions Michigan Dam Safety Task Force Propane Energy Security Workgroup UP Energy Task Force
Michigan Department of Health & Human Services (MDHHS)	<ul style="list-style-type: none"> Michigan COVID-19 Racial Disparities Task Force Michigan Energy Assistance Program (MEAP)
Michigan Department of Labor and Economic Opportunity (LEO)	<ul style="list-style-type: none"> Michigan Council on Future Mobility and Electrification Michigan High Speed Internet Office Michigan Poverty Task Force
Michigan Department of Licensing and Regulatory Affairs (LARA)	<ul style="list-style-type: none"> Bureau of Fire Services wire down response Diversity, Equity, and Inclusion Initiative Economy and Workforce Task Force Resume In-Person Work Team (RENEW) State Operations Task Force
Michigan Department of Technology, Management and Budget (DTMB)	<ul style="list-style-type: none"> Audio-visual upgrades Connecting Michigan Communities Grant Program Energy efficiency opportunities for State-owned and operated buildings
Michigan Department of Treasury	<ul style="list-style-type: none"> Michigan Infrastructure Council Energy Transition Impact Project
Michigan Economic Development Corporation (MEDC)	<ul style="list-style-type: none"> Connecting Michigan Task Force (CMIT) on broadband
Michigan State Police	<ul style="list-style-type: none"> Cyber and energy security Data access and privacy Energy emergency planning and response State Critical Infrastructure Stakeholder Group State 9-1-1 Committee
Michigan State Housing Development Authority (MSHDA)	<ul style="list-style-type: none"> COVID-19 Emergency Rental Assistance Program Homeowner Assistance Program (utility portions)

Partnerships with State and National Organizations

Partners	Issue(s) & Activities
Coalition to Keep Michigan Warm	Energy assistance needs of low-income households
Connected Nation Michigan	Mapping the availability of broadband and other telecommunication services
Miss Dig 811	Michigan Damage Prevention Board
National Association of Regulatory Utility Commissioners (NARUC)	Broadband Expansion Task Force (BETF) Comprehensive Electricity Planning Task Force Emergency Preparedness, Recovery, and Resiliency Task Force, including Black Sky Subcommittee Joint Federal-State Task Force on Electric Transmission Lifeline Task Force DOE-NARUC Nuclear Energy Partnership
National Energy and Utility Assistance Coalition	Low-income energy needs

Public Engagement & Outreach


The MPSC values openness and transparency in its interactions with the public and the media. Last year, the MPSC continued to expand outreach efforts through various mediums.

Digital Outreach

Social Media

One key communication channel the MPSC leveraged throughout 2021 was social media. With a focus on increasing and expanding an online presence to meet residents where they are, engaging in customer education through social media continues to carry over from year to year.

As of December 31, 2021

 LinkedIn	Total Followers 589	Increase in Followers 189	Launched in 2019
 Twitter	Total Followers 2,672	Increase in Followers 172	Launched in 2018
 YouTube	Total Subscribers 153	Increase in Subscribers 28	Launched in 2018

Newsletter

The Commission continued to issue the [MPSC Spotlight](#), a monthly, external newsletter designed to help increase transparency and inform the public on current MPSC news, meetings, reminders, decisions on commission orders, and other energy and telecommunications issues affecting Michigan residents.

Press Releases

In 2021, the Commission:

- Issued 26 news releases covering 145 Commission orders at its meetings.
- Issued 32 news releases relating to other MPSC programs, activities, and initiatives.
- Provided information and assistance through 214 media contacts.

Outreach

Meetings

Over the course of 2021, the Commission facilitated dozens of public hearings, meetings, and stakeholder forums in addition to its regular Commission meetings. In keeping with pandemic safety measures preventing public gatherings, the MPSC worked to ensure that it could hold these meetings and public hearings, along with its administrative hearings and cross examinations, virtually via Microsoft Teams video conference. Starting in July, a hybrid model allowing for both in-person and virtual participation was made available for the meetings. The MPSC held 11 fully virtual Commission meetings and 11 hybrid meetings in 2021 which were all livestreamed and recorded. Recordings are available on the MPSC's [YouTube Channel](#).

The Commission also held two public hearings on Consumers Energy's integrated resource plan, MPSC Case No. [U-21090](#), in order to give members of the public an opportunity to provide comments to the Commission. The first hearing was held virtually via Microsoft Teams, and the Commission partnered with a community organization in Grand Rapids to host a local satellite location for community members wishing to attend in person. The second hearing was held in-person at Saginaw Valley State University. In both hearings, the MPSC provided a short presentation on the filed plan and how to follow the case developments. The MPSC will continue to prioritize enhancements to its teleconferencing and video streaming capabilities to allow for greater functionality, flexibility and accessibility to more residents who are unable to travel.

Energy Assistance Toolkit

The State of Michigan offers several energy assistance options as well as utility service shut-off protections for qualifying households. While the Michigan Public Service Commission's [website](#) and social media accounts provide information regarding energy assistance options, the Commission sought to partner with community organizations to expand dissemination of this information.

To help interested community organizations spread the message of available energy assistance, the MPSC developed an [Energy Assistance Toolkit](#) that includes an overview of energy assistance programs and shut-off protections that organizations can use to develop their own messaging and materials. It also includes links to many of the Commission's energy assistance materials (including materials available in Spanish, Arabic, Simplified Chinese, and Bengali), sample social media posts, and links to video Public Service Announcements regarding available assistance that community organizations can use in lieu of developing their own materials.

The Energy Assistance Toolkit will be updated annually to ensure that community organizations have the most current information available to assist their communities.

Energy Appraisals

Each year the MPSC issues two Michigan Energy Appraisal Outlooks, one for the summer and one for the winter seasons. These reports provide a short-term view of expectations for energy supply and demand. While projections were upended in 2021 due to lagging data and uncertainties about COVID's future impacts on energy use and consumption patterns, a key finding in the [Summer Energy Appraisal](#) was anticipated increases in gasoline prices. The [Winter Energy Appraisal](#) projected a decline in natural gas consumption while demand for propane, electricity, and motor gasoline was expected to increase.

Orders and Filings

The MPSC managed over 17,000 filings and comments submitted to the MPSC's E-Dockets system during 2021.

- Processed 7,597 filings.
- Received approximately 10,000 public comments.
- Issued 459 orders and minute actions.

Compare MI Gas

The MPSC's natural gas price comparison website - www.michigan.gov/CompareMIGas - continues to be a valuable resource for customers choosing an alternative gas supplier (AGS). The website includes the prices currently charged by all AGSs actively marketing or enrolling customers in Michigan and the basic terms and conditions of their offers. As of December 2021, there were 325,545 customers statewide participating in the Gas Customer Choice Program.

To become more user friendly and accessible, the [Gas Customer Choice](#) page now features an interactive chart so citizens are able to search for program participation by each utility over time.

MPSC's Natural Gas Price Comparison Website



Tribal Engagement

Throughout 2021, the Commission continued its engagement with Michigan's 12 federally recognized Tribes. In April, the Commission hosted a two-part tribal forum which included participation from Tribal representatives, all three MPSC Commissioners, and several MPSC Staff members. The first session, part of the MPSC's MI Power Grid initiative, focused on new energy technologies and business models that were of interest to the Tribes and featured a presentation from the US Department of Energy's Office of Indian Energy to provide an overview of opportunities and resources available to the Tribes through USDOE programs.

The second portion of the forum focused on broadband issues in and on tribal lands and included presentations from Connect Michigan on federal broadband opportunities for tribal nations and members.

Commission Staff also hosted three formal consultation meetings with the Tribes related to MPSC Case No. [U-20763](#), the application of Enbridge Energy, Limited Partnership to replace a segment of the company's Line 5 pipeline (Line 5) beneath the Straits of Mackinac. An overview of the consultation process is included with Staff's testimony in the case.

Commission Initiatives

MPSC Strategic Plan

The Management and Budget Act of 1984 requires all state departments to adopt and implement a strategic plan. The MPSC began the implementation of its new 5-year plan in 2021. The Commission's strategic plan is available on our [website](#).

Diversity, Equity, and Inclusion Initiative

The Commission renewed its commitment to addressing matters of diversity, equity, and inclusion (DEI), through Staff-wide activities, while also encouraging Staff involvement in numerous internal subcommittees and externally coordinated activities. As a result of comments and feedback received from an all-staff DEI survey conducted in late 2020, the Management and Staff Training Committee hosted five all-staff Listening Sessions. The Listening Session topics included "Attitudes Toward Diversity, Equity and Inclusion in the Workplace;" "Discrimination and Harassment;" "Recruitment, Hiring and Retention;" "Climate & Culture;" and "Leadership at the MPSC." Each session included curated questions from MPSC staff members' feedback and featured various members of senior-level Staff and commissioners as panelists. In addition, Staff members (including affiliate Staff members from the Office of the Attorney General and the Office of Administrative Hearings and Rules) participated in the Research and Methodology Committee, which provided educational opportunities through discussions on shared readings focusing on various topics of race, discrimination, and feminism.

Organizationally, the Commission hired Shatina Jones as the MPSC's first Equity and Inclusion Officer. In addition, the DEI Leadership team and Planning Committee developed a revised mission statement that encompasses the Commission's commitment to this work, which is prominently featured on the Commission's website.

We are committed to developing action-oriented strategies that reinforce the Michigan Public Service Commission as a safe, welcoming work environment and an organization that serves all Michiganders equitably. We address systemic and overt racism both internally and externally, prevent discrimination, and adjust how we interact with one another as well as our community. We are dedicated to providing the necessary resources and leadership that will support the further development of the Michigan Public Service Commission's diversity, equity, and inclusion efforts, and we will continue to address institutional or cultural barriers that historically have inhibited or may inhibit progress toward these goals, including both within our organization and in the energy and telecommunications industries we oversee.

Staff-led workgroups engaged in several activities through the year and achieved several notable outcomes.

- The Hiring and Retention Committee developed training exploring reclassification and advancement opportunities along with participating in a non-bias pilot program that removed all personal identifiable information from job applicant resumes.
- The Communications Committee ensured that DEI related matters were regularly discussed in all-Staff newsletters and promoted to external audiences through social media posts.
- The Policy and Regulatory Committee examined the MPSC's overarching role in addressing impacts of systemic racism and other forms of discrimination in energy and telecommunication matters by providing comments on proposed rate case filing requirements, encouraging additional data points around racial and ethnic demographics, examination of environmental justice, and more granular level geographic data to be included in filings, in order to better understand impacts on customers.
- The Employee Resource Group (ERG) developed plans to re-launch and collaborate with LARA's ERG groups in the new year.

Finally, Staff participated in external State of Michigan and LARA activities through the Executive Office of the Governor. Staff participated in workgroups, trainings, and coordination of celebratory [DEI event programming](#) that discussed inequities and implementation of best practices in policy, wages, training, hiring, recruitment, and more.

MI Power Grid

Launched in October of 2019 in Case No. [U-20645](#), the MI Power Grid initiative is a multi-year stakeholder initiative sponsored by Governor Gretchen Whitmer and the MPSC to maximize the benefits of the transition to clean, distributed energy resources for Michigan residents and businesses. The initiative focuses on the three primary work areas of customer engagement, the

integration of emerging technologies, and optimizing grid investments and performance, with each work area being headed by one of the three MPSC Commissioners.

A [one-year status report](#) was filed on October 15, 2020, and a [two-year status report](#) was filed on September 30, 2021.

Several trends observed in 2020 and 2021 have reinforced the timeliness of this effort, including:

- Increased effects of extreme weather due to the impacts of a changing climate, both nationally and in Michigan, where a series of storms in August 2021 left over a million customers in the state without power, many for up to a week.
- Renewed interest in infrastructure hardening and resilience at the state and federal levels.
- Ongoing shifts in usage patterns in response to the COVID-19 pandemic due to many customers spending more time working and learning from home.
- Continuing concerns over the impact of the transition of our systems of energy production and delivery on low-income and marginalized customer groups.
- Continued technological innovation, including high-profile announcements like the backup home energy storage capabilities of the Ford F-150 Lightning.
- Evolution of market frameworks at the regional level, especially in relation to aggregation of distributed energy resources, and potential implications resulting from the interaction between state-regulated retail markets and federally-regulated wholesale markets.

Year two of the MI Power Grid initiative saw Staff host more than 30 MI Power Grid stakeholder meetings with participation from more than 246 stakeholder organizations resulting in 5 Staff reports and 17 Commission orders in 10 MI Power Grid related dockets.

MI Power Grid year two achievements include:

- Completing the [Smart Rate Design for Distributed Energy Resources](#) report as requested by the Senate in [Senate Resolution 142 of 2020](#).
- Updating the guidelines for competitive bidding, topics, and resources to ensure streamlined procurement process and implementation of the integrated resource planning requirements found in [MCL 460.6t\(6\)](#) within the bidding process in the September 9, 2021, Commission [order](#) in Case No. [U-20852](#).
- Adopting a standard definition of “utility pilot program” and creating objective criteria for pilot program review in the February 4, 2021, [order](#) in Case No. [U-20645](#). The February 4 order also directs that, for all proposals that meet this pilot definition and that are submitted to the Commission for funding approval, utilities shall file a comprehensive pilot plan including the objective criteria to be evaluated by the Commission. Additionally, the Commission developed and launched an [Online Pilot Directory](#) to increase transparency and information sharing regarding the results and learnings from approved utility pilot programs.

- Initiating updates to three rulesets: the [Service Quality and Reliability Standards for Electric Distribution Systems](#), the [Technical Standards for Electric Service](#), and the [Consumer Standards and Billing Practices for Electric and Natural Gas Service](#). A public hearing on the three updated rulesets was held on Dec. 9, 2021. Further rulemaking activities are expected in 2022.

MI Power Grid initiative activities are expected to enter their final phase in 2022 with a focus on customer education and participation; financial incentives/disincentives; distribution system data access; and advanced planning phase III, focusing on integrated resource planning.

Energy Affordability and Accessibility Collaborative

The Commission issued an order on February 18, 2021, in Case No. [U-20757](#) that included a directive for Staff to convene the Energy Affordability and Accessibility Collaborative (EAAC) in coordination with the Energy Waste Reduction Low-Income (EWR-Low-Income) Workgroup to address the Staff's recommendations in the [U-20757 Collaboration and Communication Process](#) report. An [interim report](#) on progress made and initial recommendations were filed to the docket on December 17, 2021. This report provides an update on Staff collaborations and communications in response to the COVID-19 pandemic and summarizes the process for creating the EAAC in consultation with the Energy Waste Reduction Low-Income Workgroup; the establishment of the collaborative structure with four subcommittees; the [EAAC webpage](#) with meeting information, documents, and resources; and the work undergone by the EAAC in response to the Commission's directives to date.

The EAAC process is co-led by stakeholders with joint subcommittee leadership by stakeholders and MSPC Staff. During the process, broad and diverse input was sought from residents, non-profits, utilities, and state agencies to address the affordability of energy, access to low-income energy assistance, customer protections, and low-income energy waste reduction services. Key areas of focus include defining affordability and how this intersects with the rate-making process; strategies for streamlining the energy assistance process; and recommendations on tying energy waste reduction to energy assistance. Building on analysis and recommendations on these and other topics, the Collaborative will proceed to the development of a long-term data strategy and review of rule-based protections.

Statewide Energy Assessment Implementation Update

Following the January 2019 polar vortex and Ray Compressor station fire, Governor Whitmer called upon the MPSC to evaluate whether the design of the electric, natural gas, and propane delivery systems are adequate to account for changing conditions and extreme weather events. The MPSC delivered the final [Statewide Energy Assessment](#) (SEA) on September 11, 2019.

The SEA identified recommendations and observations for improvement in the areas of electricity systems, natural gas systems, cyber and physical security, and emergency management. While the COVID-19 pandemic hit Michigan 6 months after the release of the SEA, the MPSC worked

throughout the pandemic to address the SEA's recommendations and observations for improving the resiliency of Michigan's energy systems and infrastructure.

In September 2021, the Commission issued its [2021 Progress Report](#) on the implementation of the SEA's recommendations and observations. Of the 59 recommendations and observations contained in the SEA:

- Work has been completed and fully implemented on 18 items.
- Work has begun for 17 of the items that include opportunities for continuous evaluation and improvement, and no completion point is envisioned.
- Work has begun on 22 of the items, but this work is not yet complete.
- Work is expected to begin in 2022 on 2 of the items.

Transmission Hosting Capacity Study

The MPSC completed the first round of utility integrated resource plan cases pursuant to PA 341 Section 6t with final orders issued in 2020. It was evident from the utilities' plans, particularly in the Lower Peninsula, that thousands of megawatts of new renewable energy resources are expected to be interconnected over the next five to ten years. Notably, it's expected that competitive procurement processes will be utilized to source some portion of the new renewable energy resources. Utilities and project developers will be working together to provide resources that will help transition Michigan's fleet towards a lower carbon future. As with all new generation resources, the extent of the impact on the transmission system depends upon the location of the new resources. Some areas may be able to accommodate additional resources with minimal upgrades, whereas other areas may not be able to accommodate any new resources without extensive and costly upgrades to the transmission system. Having a view into the relative level of transmission upgrades necessary in different areas will assist utilities and project developers to site new renewable resources in areas that will minimize the costs to ratepayers in Michigan.

In early 2021, the MPSC formally requested that ITC perform a study that would help inform where generation developers may efficiently connect to the transmission system. ITC worked with the Commission Staff on the assumptions included within the study. ITC published the results¹ of its study and discussed them at their October 2021 Partners in Business meeting.

¹ See results:

ITC Transmission - https://www.oasis.oati.com/woa/docs/ITC/ITCdocs/MI_Hosting_Capacity_-_Final.pdf

METC - https://www.oasis.oati.com/woa/docs/METC/METCdocs/MI_Hosting_Capacity_-_Final.pdf

Activities & Accomplishments

During 2021, the MPSC continued its critical role in the regulation of the electric, natural gas, and telecommunications industries. The Commission handled hundreds of cases involving rate and policy determinations resulting in the approval and issuance of 459 orders and other actions. The following outlines major accomplishments and projects for the year.

Public Safety

Natural Gas Pipeline Safety

The MPSC is responsible for the regulation, oversight, and inspections of Michigan's natural gas pipeline infrastructure and employs several highly trained engineers to conduct safety inspections and incident investigations. During 2021, the MPSC team:

- Conducted 990 inspection days² including inspections of Consumers Energy's Saginaw Trail Pipeline Phase 4 construction, which is the final stage of the project replacing a total of 94 miles of transmission pipeline in Saginaw, Genesee, and Oakland counties.
- Conducted 59 days of inspection activity at the direction of the Pipeline and Hazardous Materials Safety Administration (PHMSA) of interstate operators including Vector Pipeline, L.P.; NEXUS Gas Transmission, LLC; Rover Pipeline, LLC; and Bluewater Gas Storage. This inspection activity included both scheduled inspections as well as emergent investigations related to pipeline incidents.
- Authorized and monitored the replacement of approximately 380 miles of gas distribution pipelines made of cast iron, bare steel, or other at-risk materials and approximately 25,000 meters inside homes through accelerated infrastructure replacement programs of Michigan gas utilities (DTE Gas, Consumers Energy, SEMCO, Northern States Power of Wisconsin, and Michigan Gas Utilities).
- Identified 171 violations of the Michigan Gas Safety Standards and levied \$55,500 in civil penalties.
- Investigated 10 natural gas incidents involving any of the following: fatality, injury, property damage of \$50,000 or more, and/or unintentional gas loss of three million cubic feet or more.

Additionally, the MPSC received authorization from PHMSA for the inspection and enforcement of pipeline safety regulations in 49 CFR Part 192 for intrastate underground natural gas storage facilities. This new inspection program kicked off in 2021 and is conducted jointly with the Michigan Department of Environment, Great Lakes, and Energy's Oil, Gas, and Minerals Division through delegation of the MPSC's authority under Public Act 165 of 1969. Through this

² The industry standard tracks "inspection days" rather than "inspections." An inspection day may cover multiple operations, inspection units, and inspection forms.

MPSC/EGLE partnership, three intrastate underground natural gas storage operators were inspected in 2021 which covered 11 storage fields and resulted in three compliance actions related to five probable violations found through those inspections.

MISS DIG Oversight

The leading cause of damage to underground utility infrastructure is from third parties such as excavators. Hitting natural gas or electrical infrastructure during excavation or other digging poses significant safety risks. To prevent such damage, the MISS DIG Underground Facility Damage Prevention and Safety Act (Public Act 174 of 2013) was instituted and the MPSC is responsible for its statewide administration and enforcement. The MPSC responsibility under the act includes:



- Investigating facility damages and complaints involving potential violations of the Act.
- Maintaining information on damaged facilities.
- Making damage data publicly available.

Public Act 174 provides civil and criminal penalties for violation, including a general civil enforcement process and a specific enforcement process for local governments, which are also administered by the MPSC. In 2021, there were 14 gas pipeline incidents involving excavation damage reported to the MPSC under PA 165. The investigation of these types of incidents resulted in a total of eight enforcement actions and \$12,500 in civil penalties assessed against excavators and pipeline facility operators. The MPSC also received a total of 34 complaints under PA 174, which resulted in a total of 23 enforcement actions and \$23,500 in civil penalties assessed against parties involved in excavation of underground facility operations.³ Additionally, the MPSC conducted proactive inspections of excavation activity and damage notifications which resulted in a total of 36 enforcement actions and \$34,500 in civil penalties assessed against parties involved in excavation.

³ The MPSC receives notice of potential violations of the Underground Damage Prevention and Safety Act (Public Act 174) in three main ways and initiates investigations as appropriate. First, the MPSC requires information related to incidents of excavation damage to be submitted directly by the underground facility owner or operator on a quarterly basis and these filings may lead to an investigation. Second, if an excavator is involved in an incident reported under the Gas Safety Standards (Public Act 165), the MPSC will investigate the excavator to determine whether there are any violations of Public Act 174 while also investigating the pipeline operator for violations of Public Act 165. Finally, complaints of potential violations may be initiated by property owners, excavators, utility operators, or other affected parties for both damages to underground facilities and events not involving damage such as near misses because of excavation or blasting.



The MPSC also supported MISS DIG and other public education efforts, partnering with utilities, state agencies, and local partners to reinforce the important safety message to “call 8-1-1 before you dig.” While the MPSC enforces Public Act 174, MISS DIG is an independent organization that receives notifications of intent to excavate and communicates that information to the facility operators so they can respond.

Cybersecurity

Under the Commission’s *Technical Standards for Electric Service*, regulated utilities are required to meet annually with MPSC staff to provide an update regarding their cyber security plans and risk planning. This requirement was extended to jurisdictional gas utilities in 2021 under the updated *Technical Standards for Gas Service*. Staff met with 19 of the 22 utilities subject to these rules (investor-owned and cooperative utilities).

In December 2020, Commission Staff submitted a [staff report on the Technical Standards for Electric Service](#) to the Commission as part of the MI Power Grid initiative detailing recommended changes to the *Technical Standards for Electric Service* in order to better improve the security of the electric system. The Commission [initiated](#) the formal rulemaking process to update the ruleset in November and a public hearing, which provided for both in person as well as virtual participation, was held on December 9, 2021 to take comments. Additionally, written comments were accepted through January 6, 2022. It is expected that the rulemaking process will continue through 2022.

Propane Security Plan

On March 12, 2021, the State of Michigan announced the [MI Propane Security Plan](#), which focused on ensuring that Michigan’s energy needs are met in the event that Enbridge’s Line 5 oil pipelines shut down. The five-step plan was developed through a multi-agency effort with the Executive Office of the Governor; the MPSC; the MI Department of Environment, Great Lakes, and Energy; the Michigan Department of Transportation; and the Department of Technology, Management, and Budget.

Drawing upon the work of the [U.P. Energy Task Force](#), the inter-department Workgroup on Propane Energy Security, and the recommendations contained in the [2019 Statewide Energy Assessment](#), the MI Propane Security Plan looks to ensure propane security for Michigan residents and businesses by:

- Protecting consumers from price gouging and providing accessible heating assistance for families in need.
- Sending clear signals to encourage market participants to invest in the development of alternative propane sourcing options.
- Leveraging the tools of state government to encourage the development of alternative sourcing options.
- Monitoring propane supply and coordinating responses to potential disruptions with the energy industry.
- Maximizing propane efficiency while reducing energy costs in Michigan through efficiency, weatherization, and the transition to electrification and renewable energy.

While responsibility for implementing each of the actions contained in the plan primarily fall outside of the MPSC's jurisdiction, State departments and the propane industry have begun to take several steps that align with actions called for in the plan including:

- Based on recommendations from the UP Energy Taskforce, and after additional discussions with propane suppliers, the State requested funding to provide matching funds to MI propane suppliers interested in expanding onsite storage.
- MDOT's Office of Rail conducted a [study](#) to investigate improvements to UP rail that could improve access to propane suppliers.
- MPSC staff met with numerous owners and operators of propane infrastructure to discuss supply diversification, planned improvements, and overall market dynamics.
- DTMB issued a Request for Solution (RFS) regarding the development of a Strategic Propane Reserve.

Consumer Protection and Customer Assistance

Low-Income Payment Stability Plan Pilot

In April, the Commission approved a payment stability plan pilot project for DTE Electric Co. and DTE Gas Co. to help low-income customers. The [order](#) in Case No. U-20929 allows the utilities to enroll up to 2,000 customers who are at or below 200% of the federal poverty level and who are behind on their utility bills. Eligible customers with less than \$1,500 in arrearages and annual consumption under \$3,750 will be placed on a fixed maximum bill based on a percentage of their income. This differs from current programs where eligible customers receive a fixed credit regardless of income. The pilot will launch in the first quarter of 2022.

COVID-19 Response

In April 2020, the Commission opened Case No. [U-20757](#) to review its response to the COVID-19 pandemic and continued to take proactive steps throughout 2021 to protect customers and ensure access to energy assistance.

In its April 2020 [order](#), the Commission directed the utilities to begin filing information on residential disconnection notices, shutoffs, and reconnections every two weeks. Finding that this information helped to provide a better understanding of non-payment trends, and was useful for strategically deploying resources, identifying necessary programmatic changes, and identifying opportunities to better protect vulnerable populations, the Commission directed the utilities to continue filing this information, but on a monthly basis, in its July 2020 [order](#).

Building on this data, the Commission developed a [Utility Customer Data](#) webpage to allow stakeholders to more easily access and analyze the data. With more than one year of data collected and available for analysis, Commission Staff is beginning to identify trends and provide regular updates to the Commissioners on the shutoff and arrearage status of Michigan's utility customers.

Ensuring that customers in need of assistance are aware of available help was a priority of the Commission in 2021. The Commission worked strategically with community-based partners to provide information to vulnerable customers regarding available assistance and protections options. Additionally, Staff worked with regulated, cooperative, and municipal utilities to ensure they had access to, and understood, the Michigan State Housing Development Authority's COVID-19 Emergency Rental Assistance Program, which includes \$51 million for utility assistance as of December 20, 2021. Staff also acted as a mediator to troubleshoot concerns and develop solutions to better serve customers.

Michigan Energy Assistance Program (MEAP) Grants

MEAP grants provide energy assistance services that enable eligible low-income participants to become, or move toward becoming, self-sufficient in paying their utility bills. The Commission approves an annual assessment on utility customers as authorized by Public Act 95 of 2013 to fund the MEAP grants, which are awarded through an RFP process to various local non-profits that provide payment assistance to low-income customers. The MPSC administers the MEAP through an agreement with the Michigan Department of Health and Human Services (MDHHS). The MEAP program is scheduled to sunset in September 2023.

The MEAP section focused its efforts in 2021 on on-going service to customers in need during the pandemic. Staff coordinated with stakeholders and the MI Department of Health and Human Services to implemented process improvements that enhanced the program's ability to be more agile in response to customer needs.







Highlights of the 2021 program year include:

- Commission approval of an 87-cent monthly charge per meter in Case No. [U-17377](#) for all Michigan electric utilities opting to participate in the Low-Income Energy Assistance Program to fund the MEAP effective for the September 2021 through August 2022 billing months.
- Awarded \$54.5 million in grants to nine grantees across the state, which included \$5 million in federal LIHEAP Assurance 16 funds, to provide assistance to 57,163 low-income customers.

A total of 46,910 customers received a MEAP payment and 35,667 received federal self-sufficiency services through the federal Assurance 16 program (some customers received both energy payments and self-sufficiency services).

- The MEAP Workgroup continued to meet monthly utilizing a virtual format with meeting facilitation provided by ICF. The MEAP Workgroup participants included representatives from the MEAP grantees, the utilities that offer MEAP Affordable Payment Plans, and the State of Michigan (Department of Health and Human Services and the Commission). Shifting to a virtual meeting format allowed the number of participants from each representative organization to increase, resulting in resulting in a broader range of recommendations and exchange of ideas.

FY 2021 Assurance 16 Self-Sufficiency Services and Households Served*

Service Type	Households Served	Service Type	Households Served
 Needs Assessment (including referrals)	23.706	 Financial Counseling	17.760
 Vendor Advocacy	20.906	 Short-term Case Management	14.614
 Energy Education	25.207	 Long-term Case Management	4.185

*Households may have received more than one service. A total of 35,667 households received some type of Assurance16 service.

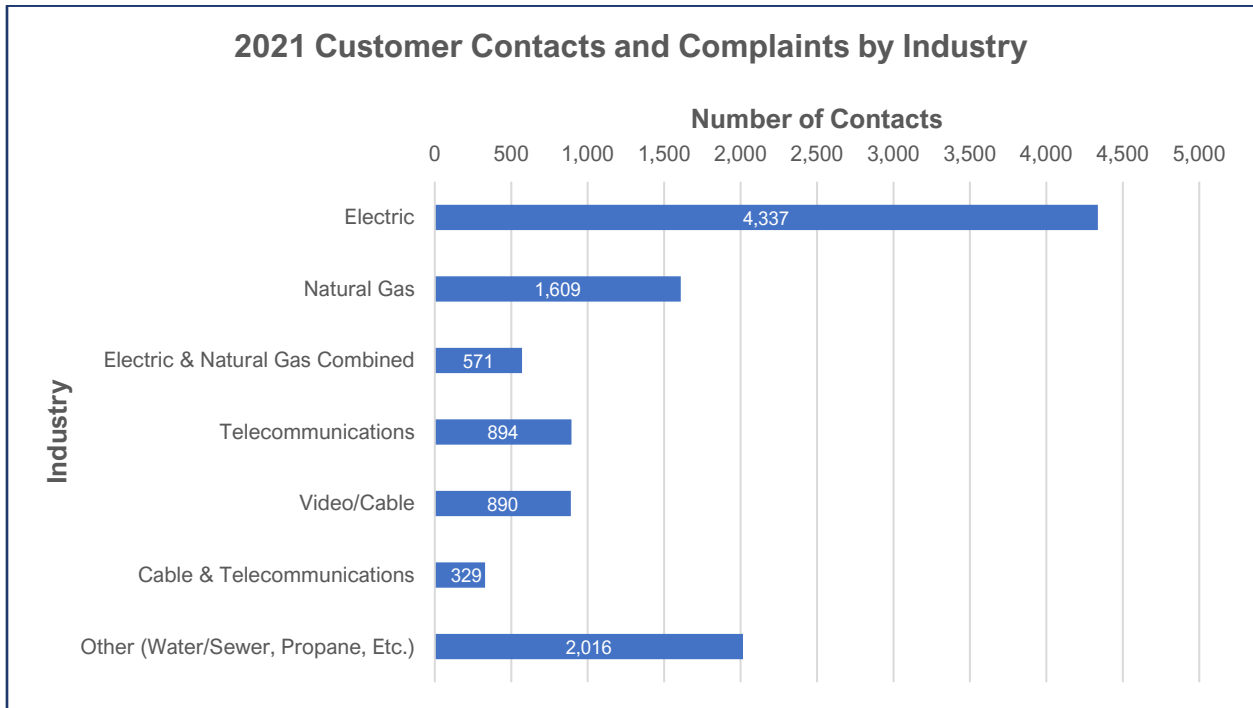
Lifeline Eligibility for Telecommunications

The Lifeline program provides a discount for phone and/or broadband service for qualifying low-income customers. The Universal Service Administrative Company (USAC) reports that 75,338 Michigan customers are served through a Lifeline program (broadband, voice, or bundled services). This is a significant decrease from the previous year at 258,200. Two Lifeline providers, Assurance Wireless and Tracfone Wireless, did not request reimbursement from USAC during the latter part of 2021, resulting in a smaller number of recorded Lifeline customers in 2021 than in 2020. Tracfone appears to be in the process of reconciling their 2021 numbers which will likely show higher than previously reported participation in the Lifeline program.

Additional information about the Lifeline program can be found in the [Lifeline issue brief](#) published by the MPSC.

Customer Support and Complaint Resolution

The MPSC provides direct assistance to Michigan residents and businesses having problems with utility bills or service by operating a call center, which handles general inquiries and customer complaints. In 2021, a total of 10,646 customers contacted the MPSC with a complaint or inquiry. Common customer complaints and concerns include outages/interruptions, high bills, delay of new service, and concerns regarding alternative suppliers.



Customers who are not satisfied with the results of their informal inquiry or complaint may file a formal complaint for resolution with the MPSC. Formal complaints are coordinated by MPSC Staff and subject to various filing criteria which is readily available on our [website](#). During 2021, Staff received 24 formal complaints related to energy, with 11 of those meeting the required criteria for adjudication. One formal complaint related to video/cable television was filed but it was found to not be prima facie, so it did not move forward. Eight formal telecommunications complaints were filed with the Commission and 6 of those were found to not be prima facie. The remaining 2 were resolved through mediation.

Electric Distribution Reliability

Commission Response to the 2021 Summer Storm Outages

Throughout June and July of 2021, wide swaths of Michigan experienced severe storms, torrential rains, severe flooding, high winds, and tornados that resulted in significant and sustained power outages across the state. Some communities experienced multiple extreme weather events in



rapid succession thereby compounding the impacts of these events. A series of storms across the Lower Peninsula from August 10 – 12 added to the unusual summer weather and resulted in more than 11,000 downed wires and almost 1 million outages.

On August 25, the Commission issued an [order](#) opening Docket No. [U-21122](#) to investigate the utilities' storm response to the Aug. 10 – 12 storms and require the provision of several pieces of information and data that will help improve the Commission's awareness of utility plans, progress, and system performance.

In its order, the Commission directed the utilities to file a report which included information related to:

- Vegetation management and grid hardening and how these efforts are contributing to reliability performance.
- A list of the ten zip codes within their service territories with the most and least frequent outages and the longest and shortest restoration times.
- Plans related to addressing bill credits for customers and a summary of restoration efforts.
- Cost/benefit information related to moving existing electric lines underground and an analysis of the maintenance difference between overhead and underground lines and a comparison of reliability and safety performance between the two.

The Commission also initiated a two-part technical conference on Emergency Preparedness, Distribution Reliability, and Storm Response. The first session, held on October 22, focused on reliability data, the future of electric reliability and resiliency, and featured panel discussions focusing on the emergency, distribution, and storm response plans of the utilities as well as the experiences of customers and local communities. The second session, held on November 5, focused on identifying opportunities to address reliability and storm response challenges including a panel discussion featuring panelists from the Pacific Northwest National Lab, NARUC, Newport Consulting Group, and Sunrun to discuss new technologies and grid modernization for

reliability. In all, more than 25 national experts, MPSC Staff, and utility and stakeholder representatives participated as presenters and panelists. Conference [recordings and materials](#) are available on the MPSC website. The Commission expects to take future action regarding reliability concerns based on the learning gained from the technical conference.

The Commission also approved an [application](#) by DTE Electric Co. to provide a one-time voluntary refund of \$90 million to be spent on tree trimming as part of the company’s efforts to boost system reliability. In its approval, the Commission instructed the utility to use the money to prioritize vegetation management on the company’s worst-performing circuits and to track the incremental circuits trimmed.

Outage Company by Company 2021

Primary Company	Record Count
DTE Energy	2045
Consumers Energy	357
Indiana Michigan (AEP)	68
Other	68
Total	2538

It should be noted that the Commission received more than 2,500 complaints related to outages over the course of 2021, with many of these being related to the extreme weather events of June, July, and August. While several communities were hit by extreme weather multiple times, local officials in some of the most hard-hit areas,

including Dearborn, Novi, Wayne, and Farmington, reached out to Commission Staff, or made public comment at meetings of the Commission to express their concerns. The outreach of these community leaders resulted in meetings with Commission Staff and opportunities to discuss concerns and identify potential solutions.

Electric Distribution Investment and Maintenance Plans

In 2018, the Commission opened MPSC Case No. [U-20147](#) to consolidate the filing of the long-term distribution plans of Consumers Energy, DTE Energy, and I&M and set up an open process to allow for public input on the 5-year distribution plans of the utilities. While the integrated resource plans and capacity demonstrations required under the 2016 energy law allow for insight into long term resource adequacy plans, the 5-year distribution plan is designed to provide similar insight into the utilities’ distribution investment plans.

Consumers Energy, DTE, and I&M were each required to file updated distribution plans in 2021 with a 30-day comment period to follow the filings. In light of the August 2021 storms and resulting outages, the Commission made it clear that additional information regarding utility distribution plans, including greater transparency around hardening the grid to absorb the impact of extreme weather, was necessary. To that end, the Commission sought expanded stakeholder feedback on the utilities’ distribution plans as provided for in its August 25, 2021 [order](#). Comments were due on October 1, 2021. The plans are pending before the Commission as of the date of this report. Additionally, the Commission reconvened the Electric Distribution Planning

workgroup with a meeting on November 3, 2021 to further explore Benefit Cost Analysis methodologies.

While Consumers, DTE, and I&M have previously filed 5-year distribution plans, the other utilities currently do not file these plans with the Commission. However, in a settlement agreement approved by the Commission in Case No. [U-20145](#), Alpena Power Company agreed to work with the MPSC staff to develop and file a distribution plan.

Just and Reasonable Rates

Rate Case

Rate cases are a major undertaking involving MPSC Staff audits of financial and operational information, prudence review of capital investments and operating expenses, allocation of costs and the design of rates charged to customers, and other issues that are often highly contested. In 2021, the Commission handled five electric, natural gas, and steam rate cases in various stages of the rate case process throughout the year. Rate cases must be conducted under an expedited 10-month schedule set by statute.

The Commission issued final orders in two electric rate cases involving Alpena Power Company and Consumers Energy. The Commission issued orders in two gas rate cases involving Michigan Gas Utilities and DTE Gas. The Commission issued one steam rate case order involving Detroit Thermal LLC.

The Commission approved \$121.1 million in rate increases in 2021, \$436.7 million less than what was requested by the utilities. The primary driver for rate case increases has been increased infrastructure investments to improve reliability and address aging infrastructure.

New Rate Designs

Rate design is evolving and aims to send the right price signals to customers to impact behavior. In 2021, the Commission monitored the progress of the implementation of summer on-peak rates, approved new and revised rates for distributed generation, electric vehicle charging, voluntary green pricing, and efficient electric heat service. In addition, the Commission outlined expectations for future battery storage pilots.

Summer On-Peak Rates



To improve price signals to customers, the Commission continued working with Michigan utilities to implement summer on-peak rates. New rates to replace the old inverted-block rates were necessary to properly reflect the cost of electricity use at different times of the day.

Consumers Energy completed a 47,000-customer pilot of its summer peak rate in 2019 and was authorized to implement its summer peak rate for all customers in 2021. Prior to and throughout the summer of 2021, Consumers Energy worked to build awareness of the rate and its potential bill impact among its customers, including targeted support to vulnerable customers. The MPSC worked to [amplify](#) Consumers Energy’s messaging to increase customer awareness and empower customers to understand how to reduce their electricity bills under the new rate.

Ultimately, Consumers Energy achieved 85% customer awareness and an average total bill impact per customer of less than \$1.25 per month. Consumers Energy provided the Commission with the results of the implementation of its 2021 summer peak rate. Key metrics are provided in the table.

-  Customer Awareness
-  Formal Complaints
-  Positive Social Media Sentiment
-  Call Volume (% of total)
-  Avg. Total Bill Impact

Target	↑ ↓	Actual
65%	↑ 20%	85%
155	↓ 132	23
45%	↓ 7%	38%
0.20%	↑ 0.50%	0.70%*
\$8	↓ \$6.76	\$1.24

DTE Electric received approval from the Commission for two new rates for its Advanced Customer Pricing Pilot (ACPP) in 2019 to be implemented in 2020-2021 in advance of full implementation in 2022. In Case No. [U-20602](#), DTE Electric provided notice to the Commission that it had delayed the implementation of its ACPP due to the uncertainty and expected impact stemming from the coronavirus pandemic. DTE Electric requested the Commission approve its revised plans to begin enrolling customers in the ACPP starting in March 2021 and running the pilot for the following 12 months with full implementation in 2023.

The Commission approved DTE’s request to delay implementation and clarified its expectation that, while the ACPP program includes both opt-in and opt-out enrollment paths for each of the approved pilot rates, the ultimate program to be fully implemented in 2023 will be an opt-out program that more closely mirrors cost of service established in Case No. [U-20602](#). DTE did not file a rate case in 2021 but is expected to file a rate case in early 2022 that includes revised plans for its summer on-peak rate pilot and full implementation.

Distributed Generation Tariffs

The 2016 energy law included a new distributed generation (DG) program to replace Michigan’s existing net metering program and directed the MPSC to conduct a study to develop an equitable cost of service-based DG tariff for the program. In 2019 and 2020, the Commission approved DG tariffs for DTE Electric, Upper Peninsula Power Company (UPPCO), Indiana Michigan Power Company, and Consumers Energy based on an inflow/outflow methodology. Alpena Power Company had its first DG tariff [approved](#) in 2021 in Case No. [U-21045](#). Northern States Power Company (NSP) filed a proposed DG tariff in its rate case (Case No. [U-21097](#)) which is still in progress at the time of this report preparation. UMERC has not yet filed a proposed DG tariff.

Utility	Case No.	Date of Commission Order	Beginning DG Program Enrollment Date	Program Cap (% of Average Peak Load)
Alpena Power Company	U-21045	December 22, 2021	January 1, 2022	1%
Consumers Energy	U-20697	December 17, 2020	January 1, 2021	2%*
DTE Electric	U-20162	May 2, 2019	May 9, 2019	1%
Indiana Michigan Power Company	U-20359	January 23, 2020	February 1, 2020	1%
Northern States Power Company	U-20197	<i>Under Review</i>	<i>January 1, 2023 (proposed)</i>	1%
Upper Peninsula Power Company	U-20276	May 23, 2019	May 24, 2019	3%*

*Voluntarily increased above the statutory cap by the utility.

Customer participation rates in DG tariffs have been increasing, steadily putting pressure on the program size limitations. UPPCO agreed to increase its program cap to 3% in a [settlement agreement](#) transferring ownership to Axium UP Holdings LLC in 2021. Consumers Energy [previously agreed](#) to raise its cap to 2% in November of 2020.

Additional information on the DG programs and tariffs may be found in the MPSC’s [issue brief](#) and its annual report on the status of [Distributed Generation](#) in Michigan.

Electric Vehicle Pilots

The first electric vehicle (EV) pilot programs were approved for Michigan’s three largest utilities in 2018 and 2019. Since approval, EV pilot programs have expanded through customer EV adoption and utilities continue to engage with stakeholders and file annual status reports. EV pilot programs include rebates for residential, commercial, and EV fast charging stations to encourage and facilitate EV adoption and test technology innovations, rate designs, customer response, and other factors involved. Data from EV pilot programs will help utilities and the MPSC make more informed decisions on how to address challenges and value the potential benefits associated with increased electric load from residential and commercial customer-owned EVs.

In 2021, in Case No. [U-20935](#), the MPSC authorized DTE Electric regulatory asset accounting treatment for deferred Phase Two program costs related to its Charging Forward EV pilot program. Phase Two will focus on fleet electrification expansion including customer education and outreach, fleet advisory services, and charging infrastructure enablement. The Commission directed DTE Electric to file a long-term comprehensive plan for Phase Two in its next general rate case.

Alpena's first EV tariffs were approved in Case No. [U-21045](#). The optional tariffs are open to Alpena customers with EVs and provide two billing options which both provide discounts for off-peak use. In addition, Alpena agreed to work with the Staff to develop and file for approval a pilot program for expanded use of electric vehicle charging stations in a future case.

As part of the [settlement agreement](#) in Case No. [U-20995](#), UPPCO agreed to include proposals to address the Upper Peninsula Energy Task Force Committee recommendations for an electric vehicle charging station pilot program in its next filed rate case.

Voluntary Green Pricing Programs

Voluntary Green Pricing (VGP) programs were established pursuant to Public Act 342 to allow customers to voluntarily purchase up to 100 percent of their electricity from renewable sources from their utility. Electric providers whose rates are regulated by the MPSC must have their programs approved by the Commission. Customer participation in VGP programs has continued to grow. In 2021, the Commission approved updated VGP programs for UPPCO. For more information on VGP, see the MPSC's [Voluntary Green Pricing Issue Brief](#).

Battery Energy Storage

The Federal Energy Regulatory Commission (FERC) issued Order No. 841⁴, which "removed barriers to the participation of electric storage resources [ESRs] in the capacity, energy, and ancillary service markets operated by Regional Transmission Organizations (RTO) and Independent System Operators (ISO)." This order required each RTO and ISO to revisit its tariff to establish a participation model consisting of market rules for the participation of ESRs. In response, the Commission issued an [order](#) seeking comments from interested stakeholders addressing topics on the benefits and impacts of opening energy markets to aggregated energy battery storage. In its final [order](#) in Case No. [U-21032](#), the MPSC encouraged investor-owned utilities to propose pilot programs for integrating batteries and other storage devices that take electricity from the grid and store it for later use. Furthermore, the Commission found that encouraging utilities to develop well-designed tariffs that account for the full value stack ESRs offer is an appropriate next step in enabling increased participation of ESRs in the electric grid.

⁴Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators, 162 FERC 61,127 (February 15, 2018) (Order 841).

Efficient Electric Heat Service

A new tariff was approved for Alpena Power Company customers open to residential or general service rate customers who use geothermal or heat pump systems. Two different billing options are available to customers electing Alpena’s efficient electric heat service tariff. The tariff was approved in Case No. [U-21045](#).

UPPCO plans to propose alternative pilot tariffs and/or rebates applicable to building electric space heating and water heating in its next rate case as outlined in the [settlement agreement](#) approved in Case No. [U-20995](#).

Contribution in Aid of Construction (CIAC) Workgroup

On [December 17, 2020](#), the MPSC directed Staff to convene a workgroup to address the Contribution in Aid of Construction (CIAC) policy of Consumers Energy Company, in Case No. [U-20697](#). CIAC policies are those that require a customer requesting a new connection to an electric distribution utility’s system to pay a refundable deposit for a portion of the costs associated with a new connection or line extension. Should other new customers attach to the system extension partially paid for by the original customer’s deposit, that original customer will receive a refund as prescribed in the utility’s tariff.

Staff held three workgroup meetings with stakeholders in 2021. The Staff issued its [report](#) in Case No. U-20697 on January 14, 2021, making the following three recommendations:

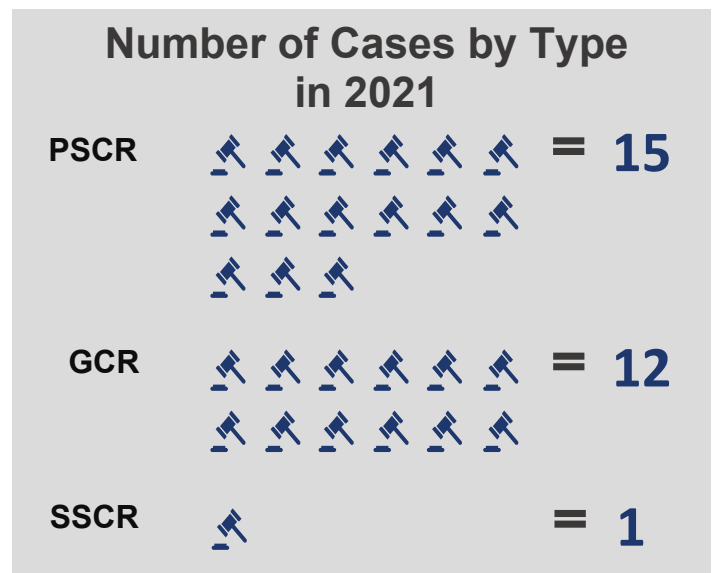
- Further consider updating the cost per foot of line extension presented in tariffs.
- Only change CIAC policy in general rate cases and not standalone proceedings.
- Continue CIAC workgroup meetings to further develop known issues and gather data for further analysis. Stakeholders may use the discussion and data to make proposals in future cases.

Fuel Cost Recovery Plans and Reconciliations

Outside of the ratemaking process, certain costs for power, natural gas, and steam supply are recovered through the following fuel-specific surcharges that tend to fluctuate and may vary from month to month:

- Power Supply Cost Recovery (PSCR)
- Gas Cost Recovery (GCR)
- Steam Supply Cost Recovery (SSCR)

Billions of dollars of expenses presented in the current year plan are reviewed annually as well as a fuel forecast of up to five years for arranging fuel supplies to serve expected customer demand. These plans can be approved and



amended based on a Commission order, or given a “Section 7” warning⁵ by the Commission about potential future cost recovery.

In 2021, the Commission issued two such Section 7 warnings: DTE Electric’s 2020 PSCR plan in Case No. [U-20527](#) (April 8, 2021 [order](#), page 33) for the blast furnace gas and coke oven gas; and I&M’s 2021 PSCR plan in Case No. [U-20804](#) (November 18, 2021 [order](#), page 26) for costs incurred pursuant to the company’s participation in Ohio Valley Electric Corporation’s Inter-Company Power Agreement, as well as potential imprudent unit commitment decisions at the Rockport units. Following a plan prudence review, electric and steam generation related costs, purchased power costs, natural gas costs, and the cost of transmission service are reconciled on an annual basis to actual amounts incurred throughout the year.

Following release of the Statewide Energy Assessment, the GCR plan cases have included additional contingency options and more resilient design day plans, as well as the further diversification of gas supply for added resilience.

Depreciation Cases

Depreciation cases evaluate the rate of recovery of the costs associated with a utility’s capital assets over the useful service life of the assets so that the costs are recovered over time. Depreciation cases are typically conducted every five years. In 2021, revised depreciation rates were approved for Alpena Power Company in Case No. [U-21045](#), Consumers Energy in Case No. [U-20849](#), Northern States Power Company in Case No. [U-21121](#), and the Ludington Pumped Storage Facility in Case No. [U-20844](#).

Mergers and Acquisitions

UPPCO-Axium Merger

The MPSC approved a [settlement agreement](#) allowing for the transfer of ownership of Upper Peninsula Power Co. (UPPCO), which serves about 52,000 electricity customers across the U.P, to Axium UP Holdings LLC (“Axium”) in Case No. [U-20995](#). Axium is an affiliate of Axium Infrastructure, a portfolio investment firm that invests in infrastructure assets and has more than \$4.2 billion in assets under management and \$1.1 billion in co-investments.

The agreement, approved May 26th, 2021, resulted in zero effect on existing rates and no cuts to the existing workforce, maintained the utility’s current offices, and honored existing collective bargaining agreements. UPPCO agreed to increase the discretionary cap on its distributed generation program from 2% to at least 3% of its average in-state peak load. Additionally, UPPCO agreed to not request an adjustment to base rates prior to January 1, 2023, and further agreed that its next rate case will include proposals for considering electric vehicle charging station pilot programs, alternative pilot tariffs and/or rebates applicable to building electric space heating and

⁵ MCL 460.6j(7)

water heating, and a low-income residential customer pilot tariff in consultation with Staff and the Attorney General.

Axiom will forgive 20% of the bad debt booked to the company's COVID-19 deferred asset account, which will be borne by shareholders and not recovered from ratepayers. UPPCO will propose an arrears forgiveness program, in consultation with the Staff and Attorney General, within 90 days from the execution of the agreement, and apply the 20% of bad debt to the customer arrearages. Axiom also agreed to move expeditiously to implement its debt refinancing plan, benefiting customers through long-term stability and a lower interest rate that reduces financing costs. The sale and transfer of UPPCO was completed on June 3, 2021.

PURPA Avoided Cost Rates

The Commission issues orders related to the continued implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA) for rate-regulated electric providers. Under PURPA, the MPSC sets rates that electric utilities are required to pay qualifying facilities (QFs) which include cogeneration and small independent renewable power producers, based on avoided energy and capacity costs. Final orders establishing avoided costs and tariffs were issued for all the utilities and the MPSC updated its [PURPA Avoided Cost Fact Sheet](#) in 2020.

On July 16, 2020, FERC issued Order 872, *Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978*, which included significant revisions to the implementation of statutory Sections 201 and 210 of PURPA. These revisions impact several issues including the rates paid to QFs, the so-called "one-mile" rule, a utility's obligation to purchase, legally enforceable obligations (LEOs), and QF self-certification. In Case No. [U-20905](#), the Commission solicited comments on the impact of FERC Order 872 on Michigan's implementation of PURPA. In a July 2, 2021, the MPSC provided guidance related to the establishment of LEOs, directed the utilities to file cases outlining their LEO criteria by September 1, 2021, outlined a new expedited LEO review process, and directed the Commission Staff to develop and post a standardized legally enforceable obligation review [request form](#) to be utilized for initiating a legally enforceable obligation review proceeding. Additional information can be found on the MPSC's PURPA LEO [webpage](#).

Federal Energy Regulatory Commission Advocacy

The MPSC remained active before the Federal Energy Regulatory Commission and regional transmission organizations (grid operators regulated by FERC) to monitor federal proceedings and represent the interests of Michigan ratepayers. In 2021, the MPSC intervened in 20 matters before the FERC and the Washington D.C. Court of Appeals. Highlights of the MPSC's focus areas include:

- In Docket No. RM21-17-000, the FERC issued its Advance Notice of Proposed Rulemaking (ANOPR) to examine potential shortcomings in the existing regional transmission planning and cost allocation and generator interconnection processes, and to explore potential reforms to those processes to ensure rates for Commission-jurisdictional service remain

just and reasonable as the electric generation resource mix nationwide continues to evolve. The MPSC filed on behalf of Michigan in this case and participated in regional and national groups to assess the potential impacts.

- The MPSC actively participated in regional transmission operator stakeholder workgroups related to transmission planning and cost allocation. Chair Scripps held leadership positions on stakeholder groups at MISO and the Organization of MISO States (OMS) on these issues in 2021.
- The MPSC actively participated in MISO stakeholder groups working on the Resource Availability and Need (RAN) Initiative; the Seasonal Construct and the Seasonal Accreditation for Capacity; and the Minimum Capacity Obligation proposal, which are all related to ensuring sufficient resources are available to meet the electricity needs of customers, particularly as the generation fleet transitions away from baseload generation.
- The MPSC has continued collaborating with regional transmission stakeholder groups on the development of market rules related to the implementation of FERC Order 2222 which removes barriers to distributed energy resources' participation in wholesale markets, affecting wholesale market rules, wholesale and retail tariffs, and distribution interconnections going forward.
- In 2021, Chair Scripps served on the OMS Board of Directors and Commissioner Phillips served on the Organization of PJM States (OPSI) Board of Directors.

Telecommunications Highlights

Access Restructuring Mechanism Fund and Report

The MPSC continues to administer the Intrastate Switched Toll Access Restructuring Mechanism (ARM), taking in monthly contributions from approximately 237 providers and disbursing \$8,750,665.29 to 35 eligible carriers over the 2020/2021 fiscal year. More information on the ARM and the recalculation can be found in the annual [ARM Report](#) to the Governor and Legislature.

Pole Attachments

In 2021, ExteNet Systems, Inc. filed a petition with the MPSC in Case No. [U-20980](#) requesting that the Commission initiate a proceeding to issue and make effective rules and regulations implementing Michigan's regulatory authority over wireless pole attachments. The MPSC issued an [order](#) on May 13, 2021, that invited interested persons to submit comments in the docket. Various parties submitted comments including the utility companies (DTE, Consumers, Indiana Michigan Power, etc.), CTIA – The Wireless Association, the Telecommunications Association of Michigan, AT&T Michigan, Michigan Cable Telecommunications Association, Michigan Electric Cooperative Association, Michigan Electric and Gas Association, Crown Castle Fiber, and Frontier Communications. On September 9, 2021, the Commission issued an [order](#) finding that the Commission's current interpretation of the terms "attaching party" and "utility" remain in effect and directed Commission Staff to communicate with the Michigan Office of Administrative Hearings and Rules to ensure pole attachment complaints are resolved within 180 days.

Infrastructure

Enbridge Line 5

In April 2020, Enbridge Energy Limited Partnership filed an application with the Commission in Case No. [U-20763](#) seeking authority to replace and relocate the Mackinac Straits portion of its Line 5 pipeline. In its application, the company requests authority to replace its dual pipelines that cross the Straits of Mackinac on the lakebed with a single pipeline and to relocate that segment of the line into a tunnel beneath the Straits of Mackinac. Several procedural motions were filed and orders were issued in 2020 and the first part of 2021 that resulted in adjustments to the case schedule.

In April 2021, the Commission issued an [order](#) setting the scope of the evidence that parties would be allowed to submit in the case. The Commission rejected arguments that the issue of whether there is a public need for the entirety of Line 5 should be revisited in Enbridge Energy Ltd.'s application, finding that the matter has long been settled for the existing pipeline, and limiting the scope of review to the new segment to be constructed. However, the Commission's order agreed that greenhouse gas emissions are pollutants with impacts that must be considered under the Michigan Environmental Protection Act (MEPA).

Parties to the case filed testimony in September 2021, and cross examination of witnesses occurred in January 2022.

In order to provide ease of access to case schedules, updates, and opportunities for participation, the Commission continues to maintain a dedicated Line 5 [webpage](#). In 2021, the Commission received approximately 6,730 public comments regarding the case which are included in the case docket.

CPCN/wet header pipelines

In July 2021, in Case No. [U-20894](#), the MPSC approved DTE Michigan Lateral Company's (DMLC) application seeking approval for a certificate of public convenience and necessity (CPCN) to convert existing pipelines in its unregulated wet header system to regulated dry gas transmission service and to construct interconnecting pipelines to DTE Gas's transmission facilities in northern Michigan. The conversion will provide redundancy, diversification of resources, and resilience in natural gas supply for northern Michigan customers.

Due to the reliance of several natural gas gathering facilities on the wet header system to take their gas to market, the approval was made contingent upon another approval, that of Lambda Gathering, LLC's application for a CPCN for the operation of a new wet header pipeline system. This approval was issued by the Commission in Case No. [U-21091](#) in September.

Construction and conversion activities for both pipelines are underway.

Straits of Mackinac Replacement Cables

ATC's electric transmission cables at the bottom of the lakebed running across the Straits of Mackinac, electrically connecting Michigan's Upper and Lower Peninsulas, sustained significant damage from an anchor strike in April of 2018. The loss of a portion of the cables left portions of the Upper Peninsula vulnerable to reliability issues. Immediately following the anchor strike, work began to mitigate the potential reliability issues culminating in the construction of three new replacement cables at the Straits. The replacement cables were energized in 2021 and the replacement project is expected to be complete in early 2022.

Blue Water Energy Center

The MPSC continued to monitor the progress of DTE Electric's construction of its Blue Water Energy Center in East China Township. DTE Electric, in Case No. [U-18419](#), requested three certificates of necessity for its proposed 1,100 MW natural gas combined cycle (NGCC) plant in 2017 that were approved by the Commission. DTE Electric filed its latest required [annual report](#) in the docket in April 2021 on progress to date. DTE Electric also provided a biannual update of the



progress of its Blue Water Energy Center to the MPSC staff in December 2021. DTE Electric reported that the project has entered the performance testing phase and is expected to reach commercial operation by June 2022.

Integrated Resource Planning

Public Act 341 of 2016 instituted an integrated resource planning (IRP) process to examine options to meet long-term electricity needs considering reliability, cost, performance, environmental impact, and other considerations. A proportion of future needs continue to be met with renewable energy resources and energy waste reduction programs.

Renewable Energy Compliance

Electric providers have demonstrated that they achieved the required 12.5% renewable portfolio standard which is an increase from 10% in 2015. All providers are on track to achieve the 15% RPS requirement in 2021. Final 2021 data is expected by the third quarter of 2022.

Energy Waste Reduction

Michigan electric and natural gas providers have consistently reached their annual Energy Waste Reduction Targets, and in most cases continue to exceed the statutory requirement.



In 2021, two utilities ([Consumers Energy](#) and [Upper Michigan Energy Resources Corporation](#)) filed their second round of IRPs with the Commission. The Commission will issue orders in these cases in 2022.

The MPSC continues to monitor the utilities' plans and forecasts the following projected generation mix for the state in the coming years:

Assuming these projections are correct, the non-binding goal set by Public Act 342 of 2016 of 35% of Michigan's energy needs coming from a mix of renewable energy and energy waste reduction by 2025 will be met.

Long-Term Resource Adequacy

In 2017, the Commission established state reliability mechanism (SRM) charges and capacity demonstration requirements pursuant to Public Act 341 of 2016. SRMs are intended to ensure electric providers have enough capacity to maintain reliability and meet their customers' needs over the long term. All electricity providers in Michigan, including investor-owned utilities, cooperatives, municipal utilities, and alternative electric suppliers must annually demonstrate sufficient electric capacity resources, such as ownership of electric generating facilities, capacity contracts, and energy waste reduction or demand response programs, to serve their respective customers for the next four years.

Following Staff review in 2021, the Commission determined in Case No. [U-20886](#) that electricity providers demonstrated enough capacity to meet the requirements for planning year 2024/25, obviating the need for customers of alternative electric providers to pay the local utility to arrange capacity on their behalf. The Commission noted Staff's projections for the majority of Lower Michigan, specifically the MISO Local Resource Zone 7 (LRZ 7), show that even though electricity providers have continued to demonstrate sufficient levels of capacity to meet Michigan's

requirements, that risk of not meeting MISO's local clearing requirement (LCR) in its Planning Resource Auction (PRA) exists over the next several years. Under MISO's tariff, capacity is priced at the Cost of New Entry (CONE), or the net cost of a new natural gas combustion turbine, when the local clearing requirement is not met. The Commission previously noted the possibility that its projections for meeting future requirements for upcoming or future planning years will vary from actual experience in the MISO PRA each spring due to changes in MISO requirements, load levels, and/or resource availability over time. The Commission published an [issue brief](#) with additional information.

Capacity demonstrations for planning year 2025/26 were filed in December 2021, and will continue through February 2022 in Case No. [U-21099](#).

Capacity Import / Export Limit Expansion Study

On September 11, 2019, the Commission published its Statewide Energy Assessment (the SEA) in Case No. [U-20464](#). In conjunction with the issuance of the SEA, Governor Whitmer and then-Chairman Sally Talberg sent a [letter](#) requesting that MISO work with Commission Staff and stakeholders on solutions to increase Michigan's import capability. MPSC Staff convened stakeholder meetings in 2020 and the first half of 2021 in cooperation with MISO. After several stakeholder meetings and the analysis of several alternative proposals, MISO issued its [final report](#).

The results provided in the report are based on assumptions which may change over time. MISO and stakeholders will continue to review projects that could increase the capacity import limit through the MISO transmission expansion planning process.

Telecommunications Planning

Broadband Expansion

Connecting Michigan Communities (CMIC) Grant Program

During 2021, the MPSC Staff participated on a task force with other state departments and agencies related to the Connecting Michigan Communities (CMIC) broadband grant program. The CMIC 1.5 grant awards of more than \$1 million were announced on April 13, 2021. The CMIC 2.0 grant awards of more than \$15 million were published on July 14, 2021. The Steering Committee is also working on the CMIC 3.0 grant program which plans to award nearly \$3 million in additional funds for projects that extend broadband service into unserved areas of Michigan.

Rural Digital Opportunity fund (RDOF)

The Federal Communications Commission (FCC) established the Rural Digital Opportunity fund (RDOF) for the purpose of bringing high speed fixed broadband service to rural homes and small businesses. The FCC announced the winning bidders of this fund on December 7, 2020. There were 13 winning bidders from Michigan, and they were assigned nearly 250,000 locations throughout Michigan. The winning bidders in Michigan are expected to receive nearly \$363 million in RDOF support over the next 10 years to build out their networks and bring broadband

service to these unserved locations throughout Michigan. As part of the rules and requirements of the RDOF Auction, each winning bidder is required to submit proof of obtaining its Eligible Telecommunications Carrier designation. In 2021, the MPSC approved all 15 ETC applications that it received related to the RDOF, which consisted of ten new ETCs in Michigan, and the remaining five providers were granted ETC expansions of their current service area. The type of provider varied and included cable, satellite, and traditional telephone service providers in addition to electric cooperatives. Additionally, the MPSC also granted approval for 8 of the 15 providers to obtain a telecommunications license or to expand their current license to provide voice service in Michigan.

Emergency Broadband Benefit Program

In the Consolidated Appropriations Act of 2021, Congress appropriated \$3.2 billion to the FCC to help low-income households pay for broadband service and connected internet devices. This funding was used to create the Emergency Broadband Benefit Program (EBB). Customers began applying for, and enrolling in, the EBB on May 12, 2021. To help promote this program, the MPSC issued press releases, created an Emergency Broadband Benefit Toolkit, and continues to assist customers who may have questions regarding the EBB. Information regarding the EBB was also accessible on the MPSC's telecommunications web page. The MPSC also filed comments and reply comments with the FCC regarding this program. According to the Universal Service Administrative Company who administers this program, as of December 31, 2021, Michigan had 322,310 households enrolled in the program making it the State with the 10th highest enrollment in the country.

The EBB concluded on December 31, 2021 and was replaced with the Affordable Connectivity Program (ACP) beginning on January 1, 2022. Recipients who are fully enrolled in the EBB will continue to receive their benefits until March 1, 2022. By that date, any customer participating in the EBB must apply for the ACP program in order to continue to receive a broadband benefit discount. The ACP is an FCC benefit program that helps to ensure that households can afford the broadband they need for work, school, healthcare, and more.

NARUC Broadband Expansion Task Force Report

During 2021, Commissioner Phillips participated on the NARUC Broadband Expansion Task Force with support from Staff. The task force developed recommendations and a report identifying ways in which NARUC members can support broadband deployment and adoption. The recommendations and report were presented at the NARUC Summer Policy Summit in July.

Launch of Michigan High Speed Internet Office

Governor Whitmer announced the creation of the Michigan High Speed Internet (MIHI) Office on June 2, 2021. The office is "responsible for convening and coordinating departments and agencies in the advancement, implementation, and funding of the State's current and future efforts to ensure that every home and business in Michigan can access high-speed internet services that

meet their needs.”⁶ The Governor also issued an executive directive on November 29, 2021, instructing state departments and agencies to “work with the legislature to leverage the federal dollars available to Michigan to accelerate connecting every Michigander to reliable and affordable high-speed internet.”⁷ As the MIHI Office becomes established, the MPSC is anticipating providing assistance to the Office in its work. Additionally, the MPSC will continue its active participation on the Connecting Michigan Taskforce regarding broadband matters.

988 and 10-Digit Dialing

In 2020, the FCC determined that “988” would be the new, nationwide three-digit phone number to dial to reach the National Suicide Prevention Lifeline. This new three-digit dialing code will be available for callers nationwide on July 16, 2022. To implement this dialing code, 82 area codes in 35 states needed to transition from seven-digit dialing to ten-digit dialing (i.e., dialing the area code) for local calls. In Michigan, this impacted the 616, 810, 906, and 989 area codes. Throughout 2021, the MPSC was active in communicating the need for this change. The MPSC issued multiple press releases, and provided media interviews, as well as created a [Consumer Tip](#) regarding this dialing change. The permissive dialing period for the ten-digit dialing began on April 24, 2021, with mandatory dialing for the ten-digit pattern beginning on October 24, 2021.

Discontinuance of Service

The Telecommunications Division handled four notices from providers of basic local exchange service seeking to discontinue the service pursuant to Section 313 of the Michigan Telecommunications Act (MTA).

Conclusion

The Commission had a productive 2021, working on statutory and operational priorities and ensuring alignment with the state’s energy policy and telecommunication goals. As always, the MPSC continues its commitment to work with the Governor and Legislature on energy and telecommunications matters to improve infrastructure, enhance services, and ensure appropriate protection of Michigan residents and businesses.

⁶ [Executive Directive 2021-2](#)

⁷ [Executive Directive 2021-12](#)