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ANNUAL REPORT 2023

Dan Scripps, Chair

Alessandra Carreon, Commissioner | Katherine Peretick, 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 year 2023 marked 150 years of regulation for the MPSC, with a continued focus on safe, reliable, and accessible energy and telecommunications services at reasonable rates. The Commission expanded on its public engagement and outreach efforts for increased customer engagement and partnerships with community organizations, and continued its commitment to addressing matters of diversity, equity and inclusion. The Commission also issued the final report of the MI Power Grid initiative, with implementation efforts ongoing.

The Commission completed multiple rate cases and other proceedings; issued 382 orders and minute actions; held several public hearings, meetings, and public forums; and managed over 9,400 filings and comments.

The Low-Income Energy Policy Board, in coordination with the Energy Affordability and Accessibility Collaborative subcommittees and the Energy Waste Reduction Low-Income workgroup, continued to address the Commission's ongoing strategies for moving toward the goal of reducing the number of customers with unsustainable energy burdens. Staff continued to collect shut off and arrearage data monthly from all the regulated utilities, managed the Michigan Energy Assistance Program, and continued to promote the Lifeline and Affordable Connectivity Programs. The MPSC also provided direct support to Michigan residents and businesses having problems with utility bills or service.

The Commission is in the midst of a broad effort to improve the reliability of the state's power grid and to make it more resilient against the increasingly frequent and severe storms that are associated with climate change. In 2023, the Commission took several actions aimed at improving electricity system reliability and resilience. Further actions will continue in 2024 and beyond.

This report details these and the many other activities and accomplishments from 2023.



Section One

ABOUT THE MPSC

WHO WE ARE

The Michigan Public Service Commission (MPSC or Commission) marked 150 years of regulation in 2023. It has its roots in the Michigan Railroad Commission which was established in 1873 to regulate railroad rates and conditions of service. The MPSC is continuing this long history of protecting Michiganders by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates.



The Commission regulates the rates and services of investor-owned natural gas and electric utilities, reviews 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 195 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 Whitmer on February 21, 2019, and was designated as Chair in July 2020. He was reappointed on June 30, 2023, for a term ending July 2, 2029. He has been active in multiple state energy advisory groups, including the Michigan Council on Climate Solutions, the Upper Peninsula Energy Task Force, the Michigan Dam Safety Task Force, and an Interdepartmental Workgroup on Propane Security. As a member of NARUC, he serves on its Committees on Critical Infrastructure, Gas, International Relations, and the Washington Action Program. He also serves on multiple task forces and has been an active participant with NARUC's international programs. He is the immediate past president of the Organization of MISO States and the Mid-America Regulatory Conference.



Katherine Peretick was appointed by Governor Gretchen Whitmer on January 4, 2021, and reappointed on July 3, 2021. Her term ends July 2, 2027. As a member of NARUC, she serves on its Board of Directors, Committee on Electricity, as well as the DOE-NARUC Nuclear Energy Partnership. She is chair of the NARUC Electric Vehicles State Working Group. She serves on the Board of Directors for the Organization of PJM States and on the advisory council for the Electric Power Research Institute (EPRI). She also represents the Commission on the Michigan Council on Future Mobility and Electrification.



Alessandra Carreon was appointed by Governor Gretchen Whitmer on July 23, 2023. Her term ends July 2, 2025. Ms. Carreon is the first Asian-American commissioner in state history. She is an active participant on the advisory council for the WRI Electric School Bus Initiative, the Michigan Council of Future Mobility and Electrification, and the Michigan Environmental Justice Response Team. As a member of NARUC, she serves on its Committee on Energy Resources and the Environment, as well as on the Task Force on Natural Gas Resource Planning.

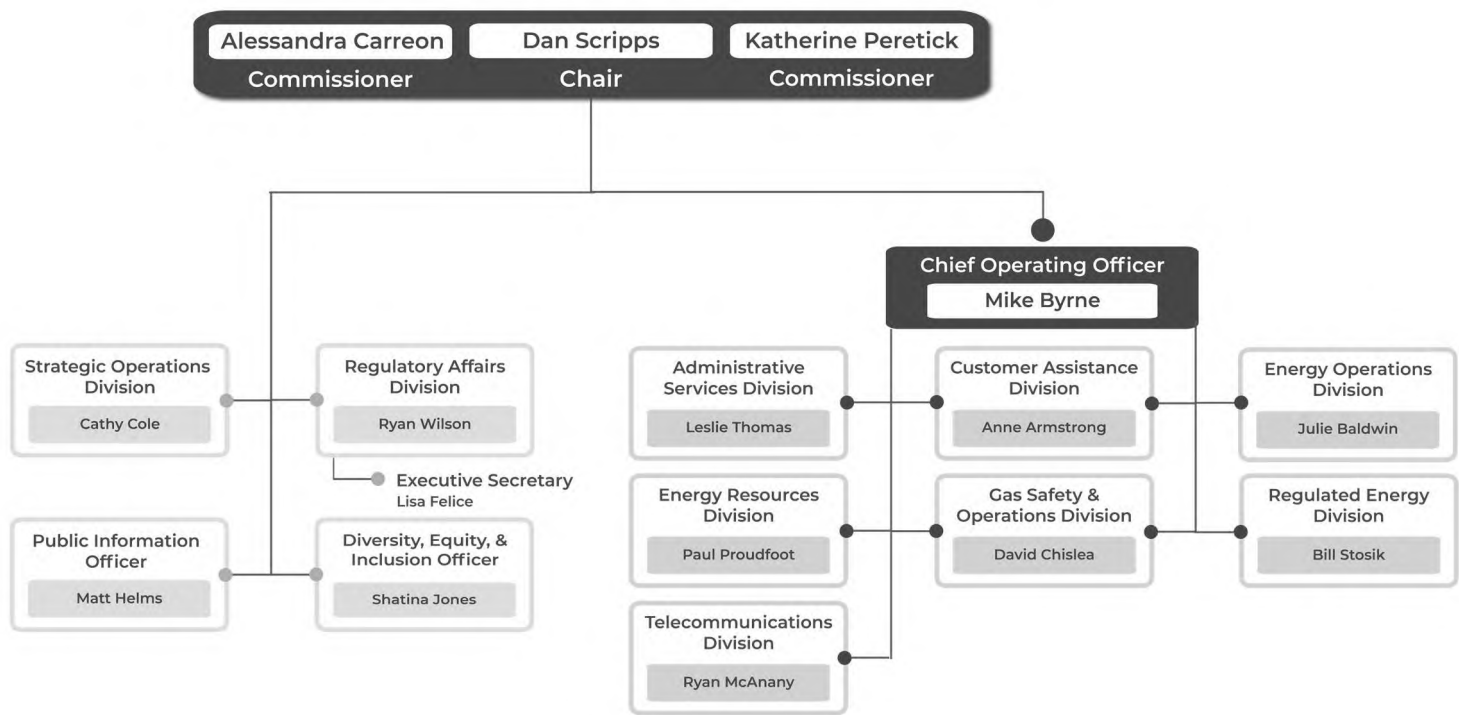


CORE VALUES

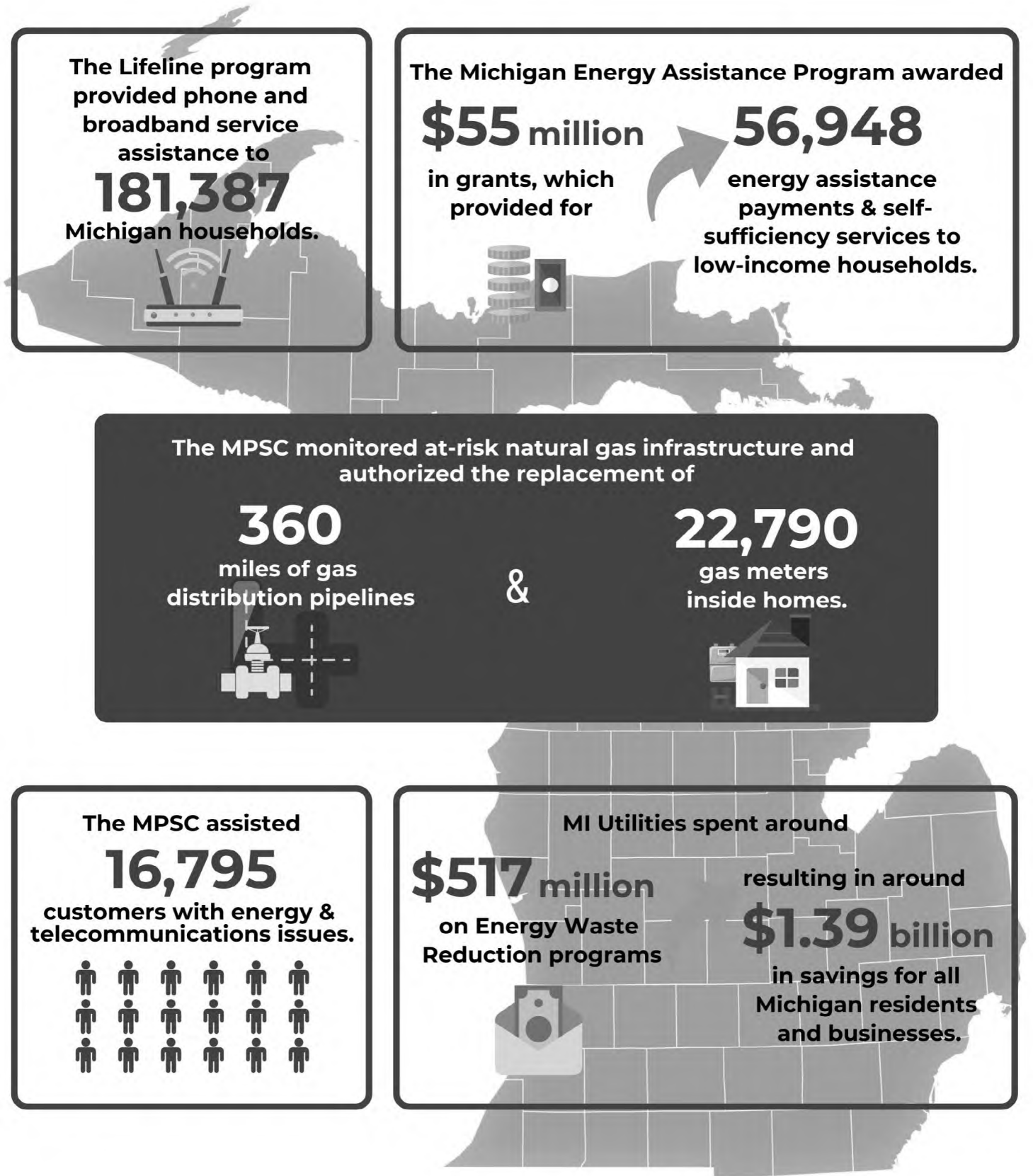
The MPSC’s mission is to serve the public by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates. The MPSC’s vision, key goals, and key strategies can be found in the [Commission’s strategic plan](#).

ORGANIZATIONAL STRUCTURE

The MPSC continues to align the structure of the Commission with the changing energy and telecommunications landscape. Below is the organizational structure of the MPSC, including division directors, at the end of 2023.



MPSC IMPACT ON MICHIGANDERS



MPSC PARTNERSHIPS

State Departments

Organization Name	Partnership Description
Michigan Department of Environment, Great Lakes, & Energy	<ul style="list-style-type: none"> ▪ Integrated Resource Plan advisory opinions ▪ Interagency Environmental Justice Task Force ▪ Michigan Council on Climate Solutions
Michigan Department of Health & Human Services	<ul style="list-style-type: none"> ▪ Michigan Energy Assistance Program
Michigan Department of Labor & Economic Opportunity	<ul style="list-style-type: none"> ▪ Michigan Council on Future Mobility & Electrification ▪ Michigan High Speed Internet Office ▪ Michigan Poverty Task Force
Michigan Department of Technology, Management & Budget	<ul style="list-style-type: none"> ▪ Connecting Michigan Communities Grant Program ▪ Energy efficiency opportunities for State-owned & operated buildings
Michigan Department of Transportation	<ul style="list-style-type: none"> ▪ National Electric Vehicle Infrastructure Program
Michigan Department of Treasury	<ul style="list-style-type: none"> ▪ Michigan Infrastructure Council ▪ Energy Transition Impact Project
Michigan Economic Development Corporation	<ul style="list-style-type: none"> ▪ Connecting Michigan Task Force on broadband
Michigan State Police	<ul style="list-style-type: none"> ▪ Cyber and energy security ▪ Data access & privacy ▪ Energy emergency planning & response ▪ State Critical Infrastructure Stakeholder Group ▪ State 9-1-1 Committee
Michigan State Housing Development Authority	<ul style="list-style-type: none"> ▪ Homeowner Assistance Program (utility portions)

State and National Organizations

Organization Name	Partnership Description
Coalition to Keep Michigan Warm	<ul style="list-style-type: none"> ▪ Energy assistance needs of low-income households
Connected Nation Michigan	<ul style="list-style-type: none"> ▪ Mapping the availability of broadband & other telecommunication services
MISS DIG 811	<ul style="list-style-type: none"> ▪ Michigan Damage Prevention Board
National Association of Regulatory Utility Commissioners	<ul style="list-style-type: none"> ▪ Broadband Expansion Task Force ▪ Emergency Preparedness, Recovery, & Resiliency Task Force ▪ Comprehensive Electricity Planning Task Force ▪ Joint Federal-State Task Force on Electric Transmission ▪ Lifeline Task Force ▪ DOE-NARUC Nuclear Energy Partnership
National Energy & Utility Assistance Coalition	<ul style="list-style-type: none"> ▪ Low-income energy needs

MARC Conference

The Mid-America Regulatory Conference (MARC) represents an association of regional organizations of utility and energy regulatory agencies from 14 Midwest states.

MARC is an organization of and for states and its principal activity is informing people of regulatory issues and exchanging ideas for innovation. Since it was formed in 1958, MARC has sponsored an annual meeting and conference of Commissioners and staff from member state agencies, as well as representatives of regulated industries and the public at large, to share ideas and discuss regulatory and policy issues affecting their states, region, and the nation.

The MPSC hosted the MARC Annual Meeting on August 6-9, 2023 in downtown Grand Rapids (originally planned for 2020 but cancelled due to COVID-19). The theme was “Grand Vision: Past, Present, Future” - a homage to the contributions toward the national energy policy 50 years prior by President Gerald R. Ford, who grew up in Grand Rapids. Especially with unprecedented federal investments through the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the Rural Digital Opportunity Fund, the role of state utility regulation and regulators has never been more important in overseeing the electric grid, pipelines, telecommunications, customer assistance, and other critical infrastructure assets.

More than 500 attendees heard from over 100 speakers and panelists from around the country sharing pertinent insights on transmission policy, decarbonization strategies, telecommunications, broadband, and much more. The conference also featured local tours that showcased leadership in energy and water design, an iconic data storage facility powered entirely by renewable energy, and equity in energy efficient housing. Additionally, for the first time in conference history, a selected number of scholarships were provided to community members who were invited to participate as panelists and conference attendees.



Section Two

PUBLIC ENGAGEMENT & OUTREACH

Ensuring that members of the public can easily access information regarding the important programs and services offered or overseen by the Commission is of critical importance. Throughout 2023, the Commission continued to expand on its public engagement and outreach efforts.

MPSC COMMUNICATIONS

Social Media: Facebook, LinkedIn, Twitter, YouTube

The MPSC continued to leverage social media to reach Michiganders. As the Commission continues to focus on meeting residents where they are, in part by increasing and expanding its online presence, engagement in customer education through social media continues to increase from year to year.

	Total Followers	Increase in Followers	Launched in
	690	369	2022
	1,188	324	2019
	3,122	216	2018
	290	52	2018

Newsletter: MPSC Spotlight

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 Michiganders. At the end of 2023, the Spotlight was being sent to 1,944 recipients, an increase of 736 subscribers since 2022.

Press Releases

In 2023, the Commission:

- Issued 22 news releases covering 113 Commission Orders at its meetings.
- Issued 18 news releases relating to other MPSC programs, activities, and initiatives.
- Provided information and assistance through 315 media contacts.

MEETINGS

Commission Meetings

In addition to its regular meetings, the Commission facilitated dozens of public hearings, meetings, and forums where interested individuals and organizations participated on topics of interest.

The MPSC held 18 regular Commission meetings conducted using a hybrid meeting approach where individuals could attend and provide comment either in person at the Commission offices or remotely by phone or through the Microsoft Teams meeting option. Utilizing this approach, the Commission averaged 211 attendees at its meetings with a high attendance of 907 individuals on December 1 and a low attendance of 103 individuals on July 7. The Commission continues to make recordings of all its regular meetings available on its [YouTube channel](#).

CUSTOMER ENGAGEMENT AND OUTREACH

Seeking to build on the work of the MI Power Grid Customer Education and Participation workgroup and the efforts of the Energy Affordability and Accessibility Collaborative's Customer Outreach and Education subcommittee, the Commission began moving forward with plans to expand its customer outreach and engagement efforts. Customer outreach efforts focus on participation in community-based events where the Commission can share educational materials and answer customer questions. Customer engagement efforts focus on relationship building with trusted community organizations in an effort to improve the Commission's understanding regarding the energy and telecommunication education needs of communities across the state in order to reach customers more effectively. The MPSC's work resolving customer complaints and offering customer assistance will be covered in a later section of this report.

The Commission participated in 15 outreach events where Staff shared information resources with event attendees, answered questions, and received utility complaints.

In late 2023, the Commission added three staff members to expand customer outreach and engagement activities including two Community Liaisons and a new Materials Developer. The Commission's Outreach Coordinator and Community Liaisons are each responsible for identifying community partners within their individual regions who will work with the Commission to provide helpful and relevant information for utility customers.

The Commission expects to significantly expand its Community Partner Network throughout 2024 with an emphasis on working to support the unique needs of its partners and their communities as it relates to their energy and telecommunications education and information needs.



Section Three

COMMISSION INITIATIVES

In addition to the regulatory related work of the Commission, the MPSC has launched several initiatives to help enhance its work.

DIVERSITY, EQUITY & INCLUSION

The MPSC continued its commitment to addressing matters of diversity, equity, and inclusion (DEI) through staff-wide activities, statewide committees, conferences, and other activities that engaged with contractors and suppliers.

The DEI Officer participated in local and national conferences with other state commissioners, staff, industry experts, and leaders to brainstorm and learn best practices surrounding critical environmental justice issues. The MPSC presented at the 15th annual Historically Black Colleges and Universities career fair designed to inform and educate top undergraduate students about achieving success, and to advertise open staff positions to a diversified pool of applicants. The DEI Officer became a Qualified Administrator of the Intercultural Development Inventory® (IDI®), a cross-culturally valid measure of intercultural competence. IDI results can inform organizational goals and policies, support team DEI initiatives, and be used as a measure to evaluate programs or help individuals grow their intercultural competency through targeted learning.

MPSC Staff participated in several trainings throughout the year. This included implicit bias training, a training on the [Michigan Environmental Justice screening tool](#), a training to help better understand opportunities for building equity into program design, a plain language awareness training, and a digital accessibility training.



MI POWER GRID

On February 23, 2023, after receiving comments from various interested parties and utilities related to benefit cost analysis requirements and behind-the-meter distributed energy resources, the Commission issued an [Order](#) in Case No. [U-20898](#) approving the Expedited Pilot Review for Innovative Pilots Process (see [Exhibit A](#) within the February 23, 2023 [Order](#)). This innovative expedited pilot review process is voluntary and geared toward pilot programs with strong utility and community support that meet defined process eligibility criteria. The new process will help support rapid learning to ensure Michigan is well positioned in its energy future.

In addition to the work on the expedited pilot review process, Staff posted the MI Power Grid [Final Report](#) in Case No. [U-20645](#) on April 25, 2023. Although the final report has been issued and MI Power Grid-centered work is largely complete, work in the areas of customer engagement, integrating emerging technologies, and optimizing grid investment and performance will continue well into the future.

Section Four

ACTIVITIES & ACCOMPLISHMENTS

During 2023, the MPSC continued its critical role in the regulation of electric, natural gas, and telecommunications industries. The Commission handled hundreds of cases involving rate and policy determinations which included processing 6,319 filings, receiving approximately 3,100 public comments, and approving and issuing 382 orders and other actions. The following section outlines major accomplishments and projects for the year.

PUBLIC SAFETY

Natural Gas Pipeline Safety

The MPSC is responsible for the regulation, oversight, and inspection of Michigan's natural gas pipeline infrastructure and employs several highly trained engineers to conduct safety inspections and incident investigations. During 2023, the MPSC team:

- Conducted 1,040 inspection days,^[1] including significant focus on inspections for underground damage prevention and natural gas pipeline construction activities.
- Conducted 59 days of inspection activity at the direction of the Pipeline and Hazardous Materials Safety Administration (PHMSA) of interstate operators, including ANR Pipeline, Bluewater Gas Storage, DTM Gas Storage Company, Great Lakes Gas Transmission, and Northern Natural Gas Company. This inspection activity included both scheduled inspections as well as emergent investigations related to pipeline incidents.
- Authorized and monitored the replacement of over 360 miles of gas distribution pipelines made of cast iron, bare steel, or other at-risk materials, and approximately 22,790 gas 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 94 violations of the Michigan Gas Safety Standards and levied \$95,000 in civil penalties.
- Investigated eight natural gas incidents involving any of the following: fatality, injury, property damage of \$129,300 or more, and/or unintentional gas loss of three million cubic feet or more.

¹ The industry standard tracks "inspection days" rather than "inspections." An inspection day may cover multiple pipeline operators, inspection units, and inspection forms.

In 2021, 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. The inspection program continued for the third year and was 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 MPSC/EGLE partnership, two intrastate underground natural gas storage operators' storage programs were inspected in 2023. Additionally, inspections were conducted covering records and field observations of six storage fields, construction activity for five storage fields, and a tabletop emergency exercise observation for one storage operator. Underground storage inspection activity did not identify any violations of the Michigan Gas Safety Standards.

To ensure that State inspection and enforcement of federal regulations meet the requirements of the agreements under which such inspection and enforcement are conducted, the MPSC's inspection program is subject to annual audits by PHMSA. The MPSC continued to receive high marks for its natural gas pipeline/storage inspection and safety program. However, a key component of maintaining enforcement authority requires the MPSC to have authority to levy fines up to the federal maximum penalties for identified violations. While Federal law allows for penalties of up to \$266,015 for each violation for each day the violation continues, and a maximum of \$2,660,135 for any related series of violations, PA 165 of 1969 limits the maximum penalty that may be issued by the Commission for violations of the Gas Safety Standards to \$10,000 per day per violation with a maximum fine of \$500,000 per series of violations.^[2] Citing this deficiency in the Commission's enforcement authority, in late 2023, PHMSA revoked the Commission's ability to take enforcement action against natural gas storage facilities for violations of federal gas safety regulations. While the MPSC will continue to inspect these facilities, enforcement actions will be taken by PHMSA until such time as the Commission's enforcement authority meets federal requirements, a change which will require legislative action.

Energy Appraisals

The Commission continued its practice of issuing biannual energy appraisals with the June [Summer 2023 Energy Appraisal](#), and the November [Winter Energy Appraisal](#). These biannual appraisals, which provide short-term outlooks for select energy supply and demand dynamics, included market projections for natural gas, propane, heating oil, electricity, diesel fuel, and gasoline.

² Current maximum federal civil penalty levels are found in 49 CFR 190.223. The requirement for these maximums is contained in 49 USC 60122 and are adjusted for inflation per the Federal Civil Penalties Inflation Adjustment Act of 1990 (FCPIAA), Public Law 101-410, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (2015 Act), Public Law 114-74, 129 Stat. 599, codified at 28 U.S.C. 2461 note.

These assessments raise the situational awareness of the state's energy environment including recent events impacting supply, prices, and expected conditions. Additionally, they provide the necessary information to enable a reliable assessment of the risk posed by an energy supply disruption.

Damage Prevention 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's responsibilities under the act include:

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

Public Act 174 provides civil and criminal penalties for violations, including a general civil enforcement process and a specific enforcement process for local governments, which are also administered by the MPSC. In 2023, there were 21 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 seven enforcement actions and \$25,500 in civil penalties assessed against excavators and pipeline facility operators. The MPSC also received a total of 42 complaints under PA 174, which resulted in a total of nine enforcement actions and \$46,500 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 24 enforcement actions and \$345,000 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.



Cyber & Physical Security

Under the Commission’s Technical Standards for Electric Service and Technical Standards for Gas Service, regulated electric and natural gas utilities are required to report to MPSC Staff annually about their cyber and physical security programs. These discussions cover key security topics such as trainings and exercises, incident responses, risk assessments, and tools and technologies. Staff use these discussions to identify and promote opportunities to improve the security posture of Michigan’s regulated electric and natural gas utilities.

In addition to the annual reporting requirements, regulated utilities must also make timely notification to the MPSC if they experience a security incident that meets or exceeds certain thresholds. A security incident must be reported if it:

- Interrupts production, transmission, or distribution of electricity or natural gas.
- Results in the extortion of money or another thing of value from the utility.
- Is a denial-of-service attack that lasts more than 12 hours.
- Is a security breach as that term is defined in Michigan law.
- Is deemed by the utility to be notable, unusual, or significant.

Leveraging leading security literature and the knowledge and insights obtained from the MPSC’s evolving security efforts, in the late 2010’s the MPSC initiated a multi-year process to formalize, via rulemaking, foundational security requirements for regulated utilities. Beginning in September 2020, regulated natural gas utilities operating in Michigan must operate a cybersecurity program that complies with API Standard 1164 Ed. 2, “Pipeline SCADA Security.” For regulated electric utilities, the Commission updated the Technical Standards for Electric Service through a Commission Order, promulgating a set of utility cybersecurity program requirements that went into effect on April 10, 2023, with an initial

compliance deadline of March 31, 2024. These actions make mandatory specific security practices geared to protect electric and natural gas utility systems against attack and misuse and improve regulated utilities' incident response capabilities.

As of 2023, twenty-two utilities are subject to these expanded security requirements. Given today's complex and changing utility security landscape, Staff continues to evaluate the suitability of its security requirements and works to identify ways to improve them. Going forward, Staff may seek to update these requirements to address new security threats and emerging risks or, for example, to account for changes in state and federal laws and regulations, industry practices, or technical innovation.

Apart from its rulemaking-related activities, the MPSC works to enhance the security posture of the energy sector in many other ways. This includes evaluating the reasonableness and prudence of investor-owned utilities' cyber and physical security investments and engaging with entities not subject to MPSC rules, such as electric and natural gas transmission companies, municipal utilities, state and federal agencies, petroleum and propane companies, and energy sector trade associations.

In addition, utilities in Michigan that own and operate facilities or assets within the bulk power system must adhere to stringent federal regulations, including those mandated by the North American Electric Reliability Corporation – Critical Infrastructure Protection (NERC-CIP) standards. Following recent threats and attacks, NERC has called for a re-evaluation of the reliability standard that sets forth physical security requirements for certain bulk electric system facilities. In a December 2022 order, FERC directed NERC to evaluate, among other things, whether CIP-014 should apply to a broader scope of bulk electric system facilities and whether a prescribed set of minimum physical security protections should be required for all bulk electric system substations and control centers. In August 2023, the Commission participated in the Joint NERC/FERC Physical Security Technical Conference, which examined issues related to the physical security of the bulk power system, including the adequacy of existing physical security controls, challenges, and solutions. The MPSC continues to actively monitor the actions of both FERC and NERC relating to the security of Michigan's energy infrastructure.

Statewide Energy Security Plan

Updates to the State of Michigan Energy Security Plan and Petroleum Shortage Response Plan were completed in 2023 using funds from the Federal Energy Security Technical Assistance Grant. The MPSC used part of the federal funding to engage an outside cybersecurity consultant to participate in annual meetings with regulated electric utilities and natural gas utilities, as well as to provide technical training to Staff in the areas of security standards and regulation, security tools and techniques, and utility

network architectures. This effort enhanced Staff's understanding of best practices and technologies related to both cyber and physical security to better evaluate the security posture of regulated electric and natural gas utilities in Michigan and make meaningful updates to the State's Energy Security and Petroleum Shortage Response Plans.

In addition, the MPSC, with support from a third-party contractor, engaged in a Petroleum Terminal Resilience Study in 2023. The study helped provide a better understanding of petroleum terminals in Michigan and assess their resilience to the current and changing threat landscape (i.e., extreme weather, flooding, sabotage). The information collected from this study was used to update Michigan's Petroleum Shortage Response Plan and will help Michigan better prepare for and respond to energy emergencies, including long-term power outage events that threaten the operation of critical facilities. The data collected will also help target grant programs and other funding opportunities to improve Michigan's energy resilience.

SHOPP Report & Propane Monitoring

Under a cooperative agreement with the U.S. Department of Energy's Energy Information Administration (EIA), MPSC Staff conduct the State Heating Oil and Propane Program (SHOPP) survey which gathers information regarding the cost of home heating oil and propane. Results of the weekly survey are averaged and made available on the Commission's [website](#) to provide information to the public.

In addition to conducting the SHOPP survey, the Commission actively monitors statewide propane supply and markets. While the Commission does not have regulatory oversight of propane suppliers, as the lead advisor to the Governor on energy emergencies, it is critical that the Commission maintains situational awareness concerning propane supply and any potential supply disruptions. A key tool for maintaining this awareness is data submitted to the EIA by suppliers regarding sales and inventory levels. This data is released to the public by the EIA after being aggregated to protect market sensitive information. However, this process can take several months which results in information being outdated before it is made publicly available. In order to better facilitate the Commission's monitoring of propane supplies for purposes of ensuring propane security and taking actions that would prevent or alleviate a potential propane emergency, it is critical that the Commission receive this information in a timely fashion. To facilitate this, the Commission is requesting legislation that would require suppliers to file information, identical to that which is filed with the EIA, directly with the Commission. We look forward to working with industry members and the legislature to help ensure that the Commission has the information necessary to better execute its energy emergency functions.

CONSUMER PROTECTION & ASSISTANCE

Low Income Customer Initiatives

Low Income Energy Policy Board

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 \(EWR-LI\) Workgroup](#) to address the Staff's recommendations in the [U-20757 Collaboration and Communication Process report](#).

On February 10, 2022, the Commission issued a subsequent [Order](#) in that case directing the creation of an advisory committee comprised of EAAC and EWR-LI Workgroup leadership. In response to this directive, the [Low-Income Energy Policy Board \(LIEP Board\)](#) was established and convened for the first time on April 29, 2022. The LIEP Board is composed of various leaders of the EWR-LI Workgroup Steering subcommittee and EAAC subcommittees, inclusive of those with lived experience, enhanced with policy leaders from State agencies and task forces, and supported by Commission Staff resource experts. In 2023, the LIEP Board focused its attention on system-impact issues while subcommittees continued to work on assignments from the Commission.

EAAC Subcommittee Work

Staff submitted a [report](#) to the Commission in March 2023 summarizing the work of the LIEP Board, EAAC, EWR-LI, and the subcommittees. The report included a list of recommendations on short and long-term strategies for moving toward the goal of reducing the number of customers with unsustainable energy burdens. After receiving comments, the Commission issued an [Order](#) on December 21, 2023, adopting many of the recommendations.

EWR Low Income Workgroup

The EWR-LI Workgroup grew in 2023 and included 425 participants representing over 125 different organizations. A variety of topics were tackled at monthly meetings and during the Health and Safety and the Workforce Development Subcommittee meetings as the group continued to demonstrate the intersectionality of energy efficiency with safe, healthy, and affordable housing; weatherization and climate change mitigation; and decarbonization. Many of the concepts explored and developed in the EWR-LI Workgroup informed updates to Michigan's energy waste reduction legislation in 2023.

Utility energy efficiency low-income program spend continued to increase in 2023 and exceeded \$101 million annually, as of December 31, 2023.

Shut off Data

Staff continued to collect shut off and arrearage data monthly from all the regulated utilities. This data is publicly available at [Utility Customer Data \(michigan.gov\)](https://www.michigan.gov/utilitycustomerdata). On December 21, 2023, an [Order](#) in Case No. [U-20757](#) directed Staff to work towards combining this monthly data report with the quarterly report that is required under MPSC Billing Rules. An updated template and webpage will be developed in 2024.

MEAP Grant Management

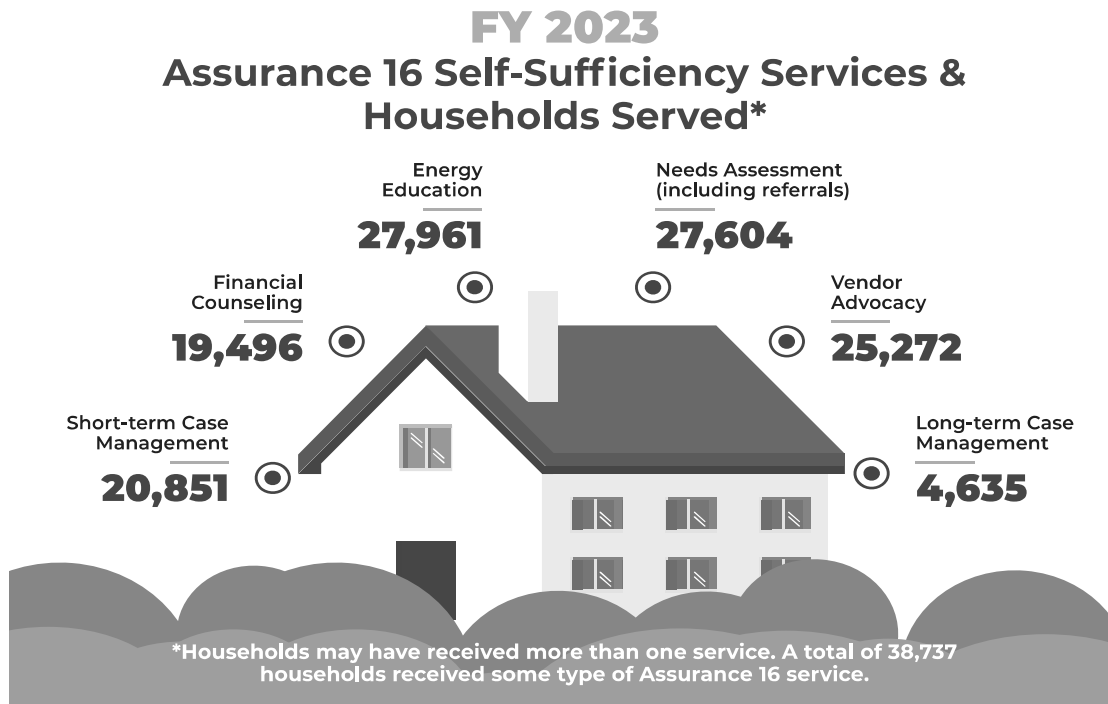
Michigan Energy Assistance Program (MEAP) grants fund energy assistance services that enable eligible low-income participants to become, or move toward becoming, self-sufficient in paying their utility bills. The Commission approves an annual assessment on utility customers as authorized by [Public Act 95 of 2013](#) to fund the MEAP grants, which are awarded through an RFP process to various nonprofits that provide payment assistance to low-income customers. MEAP Grantees also provide self sufficiency services to qualified households through Federal Assurance 16 funding. The MPSC administers the MEAP through an agreement with the Michigan Department of Health and Human Services (MDHHS).

Since its inception, the MEAP program has been subject to a legislative sunset which has been extended twice. While the program was scheduled to sunset in September 2023, Public Act 105 of 2023 eliminated the sunset thereby ensuring the continuation of the program.

Highlights of the 2023 program year include:

- Approval of an 88-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 2023 through August 2024 billing months.
- Spending of grant funds of \$54,222,021.11 (\$4,943,718.02 from Federal LIHEAP) to assist 56,948 low-income households with their energy bills through affordable payment plans, self-sufficiency services, or other payment assistance.
- Continued facilitation of the MEAP workgroup with MPSC Staff, MEAP grantees, energy providers, and other human services agencies to ensure effective administration and identify opportunities for improvement.

Additional information regarding the MEAP program can be found in the [2023 MEAP Report](#).



Lifeline & Affordable Connectivity Program Support

The Lifeline program provides a discount for phone and/or broadband service for qualifying low-income customers. The Universal Service Administrative Company reports that 181,387 Michigan households are served through a Lifeline program (broadband, voice, or bundled services). The Commission again participated in Lifeline Awareness Week in September which promoted the program. The Commission also continues to assist customers with their Lifeline questions and concerns.

Beginning August 30, 2022, providers of basic local exchange service operating in Michigan could opt-out of the Michigan Lifeline program. Pursuant to Section 316(10) of the Michigan Telecommunications Act, these providers who are seeking to opt-out must provide 90 days' written notice to the Commission and to all individuals who are receiving the Michigan Lifeline benefit. In total, 25 telecommunications providers have submitted notice to the Commission to opt-out of providing the Michigan Lifeline program. Of these providers, five ceased providing the Michigan Lifeline program in 2022, 19 ceased offering the Michigan Lifeline program in 2023, and the remaining provider will stop offering the Michigan Lifeline program in 2024. Additional providers may decide to opt-out of the Michigan Lifeline program in the future. The Commission maintains a list of active [Lifeline program providers](#).

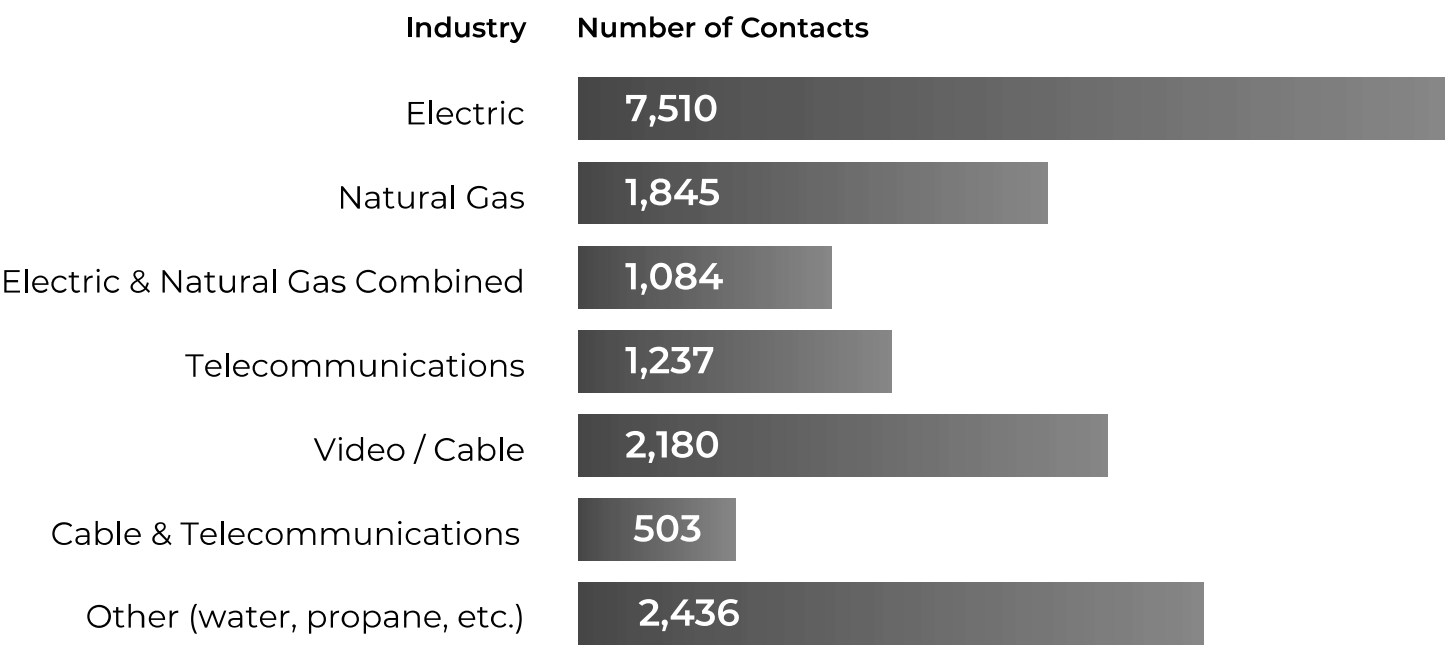
More information regarding the Lifeline program can be found in the Commission's [Lifeline issue brief](#).

The Commission continued its outreach efforts related to the Affordable Connectivity Program (ACP) which provides assistance to eligible households struggling to pay for internet service. The program allows qualifying eligible households to receive a discount of up to \$30/month (\$75/month for qualifying households on tribal lands) on their internet service. In 2023, 887,351 Michigan households received assistance for their internet service through this program. The Commission created an ACP Consumer Tip and promoted the ACP program in September during the National Digital Connectivity and Lifeline Awareness Week. Staff have also assisted households with questions or concerns regarding the ACP. In addition to engaging in customer education and outreach efforts regarding the program, the Commission teamed with the Michigan High Speed Internet Office (MIHI) to send a letter of support to Michigan’s Congressional delegation seeking continued support of the program as COVID-era funding becomes exhausted. Absent additional federal appropriations, the ACP program may be suspended in 2024 due to a lack of funding.

Customer Support & Complaint Resolution

The MPSC provides direct support 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 2023, a total of 16,795 customers contacted the MPSC with a complaint or inquiry. Common customer complaints and concerns include outages or interruptions, utility outage credits, rates and surcharges, and billing questions.

2023 Customer Contacts & Complaints by Industry Filed with the MPSC



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 Staff and subject to various filing criteria which are readily available on the MPSC [website](#). During 2023, Staff received 19 formal complaints related to energy, with five of those meeting the required criteria for adjudication. One formal complaint related to video/cable television was filed, but it failed to meet the requirements for adjudication. Three formal telecommunications complaints were filed, but two did not meet the requirements for adjudication. The other formal complaint was ultimately resolved between the parties and the complaint was dismissed.

In addition to addressing customer complaints, the Commission undertook work on several dockets to protect customers. First, in Case No. [U-21150](#), the Commission adopted updates to the [Consumer Standards and Billing Practices for Electric and Natural Gas Service](#) rules. Updates to the rules included changes to notice requirements after shut off of service, disputed matters related to the same issue, military protection eligibility, and reporting requirements. In addition, some protections were transferred from the technical standards for electric service to help streamline customer billing issues, ensuring that customers are not billed for electricity they did not use due to incorrect meter registration.

In July, the Commission launched an [investigation](#) in Case No. [U-21458](#) into complaints from customers of Consumers Energy concerning malfunctioning natural gas meters, potential overbilling due to extended estimated meter reading, and delays in new service installations for both electric and gas customers. Staff completed an investigation into the complaints and a [Staff Report](#) filed in September made several recommendations, including increased reporting requirements related to meter reading, new service installations, and meter failures; disallowance of future related costs; improvements to communication processes; improvements to the site readiness process; and enforcement actions and penalties.

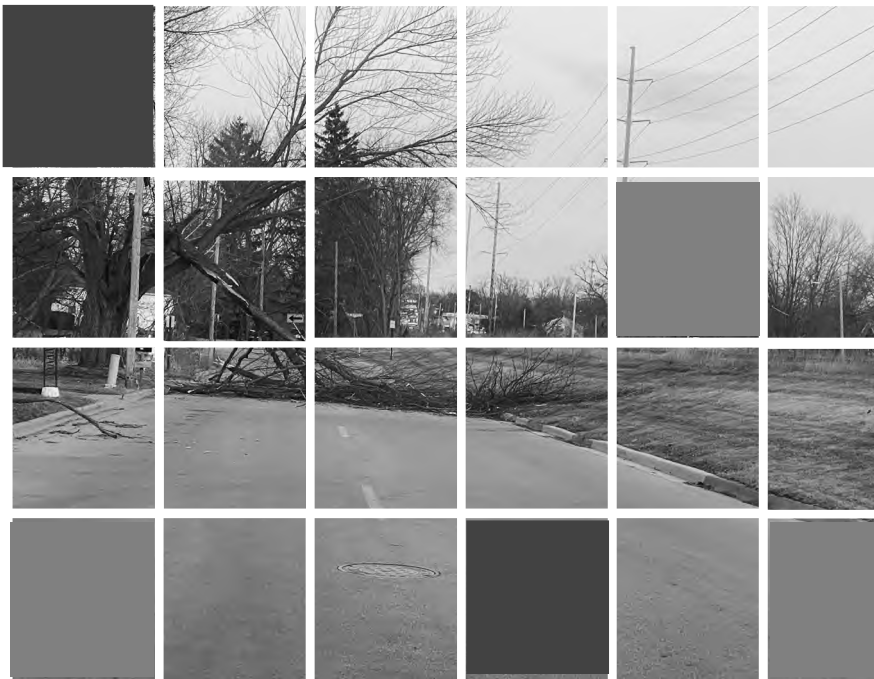
In [response](#) to the Staff report, the Commission issued an [Order](#) in October opening Case No. [U-21502](#) directing Consumers Energy Co. to show cause why it should not be held in violation of Commission rules governing customer billing practices and service quality and reliability. Testimony in the case is due in April 2024 with a proposal for decision expected in August.

DISTRIBUTION RELIABILITY

February 2023 Ice Storm Event

Beginning on February 22, 2023, Michigan’s lower peninsula experienced a series of storms combining freezing rain, sleet, ice, and snow. Over the following 11 days, these storms resulted in electric power outages for more than 1,000,000 electricity customers and the death of a volunteer firefighter with the Paw Paw Fire Department as a result of contact with a downed wire. Consumers Energy reported over 8,000 downed wires and DTE Electric reported nearly 5,000 downed wires. Both utilities experienced additional damage to poles and transformers.

Restoration after the initial ice storm on February 22, 2023, was hampered by a second ice storm on February 27, 2023, and a heavy snowstorm on March 3, 2023. Hundreds of work crews were mobilized by the utilities and many customers saw their power restored within three days of the initial ice storm. However, tens of thousands of Michigan electricity customers remained without electricity for more than a week during stormy winter weather, and some had their power restored within a few days only to lose power again just a few days later.



To hear from those directly impacted by the series of storms and outages, the Commission held three public town hall meetings, two being hosted in the hard-hit areas of [Jackson](#) and [Dearborn](#), and one held [virtually](#). The town hall meetings were well attended and the Commission heard from customers addressing such topics as: (1) outage credits; (2) the reliability of electric service in Michigan, especially in comparison to other midwestern states; (3) the poor quality of outage information available from the utilities and the inability to report outages; (4) the unacceptable duration and frequency of outages; (5) the risks placed on the most vulnerable customers; (6) inadequate tree trimming; and (7) inaccurate billing by utilities.

Focus on Reliability & Resilience Improvement

The Commission is in the midst of a broad effort to improve the reliability of the state's power grid and to make it more resilient against the increasingly frequent and severe storms that are associated with climate change. In 2023, the Commission took the following actions aimed at improving electricity system reliability and resilience:

- Launched a first-of-its-kind comprehensive, [third-party audit](#) of the equipment and operations of the electric distribution systems of the state's two largest utilities, DTE Electric and Consumers Energy. The focus of the audit is on reducing the number and duration of outages and identifying improvements needed to increase safety, particularly concerning the risk of public contact with downed power lines. A final report is expected in Case No. [U-21305](#) in late summer 2024.
- Promulgated updated versions of 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, which include increased outage credits for customers experiencing outages under specified conditions.
- Launched new Distribution System Reliability [webpages](#) which provide more detailed reliability and outage information for customers than has been publicly available previously.
- Implemented new reliability reporting requirements in MPSC Case No. [U-21122](#) which mandate that all utilities provide monthly reliability data broken down by circuit beginning with January 2023. Michigan's two largest utilities report reliability data by zip code and census tract also. This data is publicly available upon request.
- Hosted a [4.8 kilovolt \(kV\) technical conference](#) in March exploring issues involving the 4.8 kV electric system in the Detroit area, including the Detroit Public Lighting Department's arc wire system, and opportunities, benefits, challenges, and alternatives to the 4.8 kV hardening program.
- Hosted a two-day resilience technical conference on [May 22](#) and [May 26](#), examining the interconnectedness of resilience and critical infrastructure, customer communications, resilience challenges, identification of data gaps and potential solutions, the future of resilience, unique challenges faced by vulnerable customers, funding opportunities, and enhanced coordination between utilities and local governments. The topics of the technical conference were informed, in part, by the comments received during the February townhalls.
- Issued new directives in Case No. [U-21388](#) following the resilience technical conference aimed at improving communication protocols between utilities and local governments during outages and extreme weather events, improving customer communication protocols and accuracy of information provided to customers during outage events,

and drafting revisions to service quality rules and technical standards to include requirements for resilience of specific critical facilities.

- Sought comment on a straw proposal to establish financial penalties for utilities whose customers experience repeated, lengthy power outages and incentives for improvements as part of the ongoing work of the MI Power Grid Financial Incentives and Disincentives workgroup (Case No. U-21400). A Staff report outlining the workgroup's findings is expected in 2024.

The Commission's actions aimed at improving electricity system reliability and resilience will continue in 2024 and beyond.

Transforming the Distribution Grid

Distribution Plans

In 2018, the Commission opened Case No. U-20147 to consolidate the filing of the long-term distribution plans of Consumers Energy, DTE Electric, and Indiana Michigan Power Company (I&M) and set up an open process to allow for public input on the utilities' distribution plans. Consumers Energy, DTE, and I&M each filed updated distribution plans in 2021. The Commission found deficiencies in the filed plans related to matters of reliability of service to customers and found Michigan's distribution system reliability inadequate and plans for improvements insufficient. The Commission identified specific improvements to be filed in the third round of electric distribution plans, which were filed by DTE Electric, Consumers Energy, and I&M in September 2023. The Commission will address these distribution plans following comments from interested parties on the filed distribution plans in Case No. U-20147 in 2024. Initial electric distribution plan filings are also expected from Alpena Power Company and Northern States Power Company in 2024.

Grid Integration Study

The Michigan Senate, in Senate Resolution 143 of 2020, requested the Commission coordinate with utilities on a study that demonstrates the "potential opportunity to integrate customer-owned generation resources into the electric grid" and challenges associated with the integration of significant amounts of distributed generation for the distribution grid. After seeking technical assistance from the National Renewable Energy Laboratory and conducting collaborative meetings with utilities and interested parties in 2022, the Commission issued its Grid Integration Study to the Legislature on June 30, 2023.

Energy Storage

The Commission held a one-day technical conference on residential battery storage programs on July 25, 2023 as a part of Case No. U-21399. Residential battery storage can be used by customers in the event of an outage and can provide benefits to the distribution

grid as a non-wires alternative in certain circumstances, as well as offset a portion of utility generation requirements.

Distribution Interconnection

Following extensive collaboration with interested parties, the Commission approved revised Interconnection and Distributed-Generation Standards which became effective on April 25, 2023. To align with the revised rules, the Commission commenced a collaborative to allow interested parties to weigh in on the development of electric utility interconnection procedures (Case No. U-21117). After Michigan's rate-regulated electric utilities and member-owned electric cooperatives filed draft interconnection procedures in 2023, a virtual collaborative meeting was held on June 21, 2023, and the utilities filed applications for approval of their respective interconnection procedures in separate dockets which remained pending at the close of 2023.

JUST & REASONABLE RATES

Rate Cases

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 2023, the Commission handled ten electric and natural gas cases in various stages of the rate case process throughout the year. Rate cases must be conducted under an expedited ten-month schedule set by statute. The Commission issued final orders in electric and natural gas rate cases involving Consumers Energy (Case No. U-21224 and Case No. U-21308), DTE Electric (Case No. U-21297), Upper Peninsula Power Company (Case No. U-21286), and Michigan Gas Utilities (Case No. U-21366). The Commission approved \$644.8 million in rate increases in 2023, \$505.5 million less than was requested by the utilities. The primary driver for rate increases has been an increase in infrastructure investments to improve reliability and address aging infrastructure, along with inflationary impacts. At the close of 2023, electric rate cases were in process for Consumers Energy, Alpena Power Company, and I&M, and gas rate cases were in process for DTE Gas and Consumers Energy. Final orders in those cases will be issued in 2024.

The Commission approved new rate case filing requirements for electric, natural gas, and steam utilities, updating standard rate application filing form requirements enacted in the 2016 update to Michigan's energy laws (Case No. U-18238). The Commission directed Staff to work with interested parties to develop a firm, non-modifiable protective order by September 20, 2023, with any letters of disagreement from electric, steam, or gas utilities due by December 4, 2023. The Commission also directed Staff to host a collaborative

aimed at improving the rate case process to address discovery issues and uniform identification and labeling of testimony and exhibits, with a report on the results and recommendations filed by December 1, 2023. The recommendations were pending before the Commission at the close of 2023.

Fuel Cost Recovery Plans & Reconciliations

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. In 2023, the Commission issued orders in 14 PSCR cases, 9 GCR cases, and 1 SSCR case. The Commission also issued two Section 7 warnings in conjunction with those orders indicating that certain future costs may not be recoverable.

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 with actual amounts incurred throughout the plan year.

New Rate Designs

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. The Commission has since approved and updated DG tariffs for all regulated utilities except for UMERG, which has not yet filed a proposed DG tariff. Customer participation in DG tariffs has been steadily increasing which has put pressure on the program size limitations set out in statute at a minimum of 1% of the utility’s load. Several utilities have voluntarily increased the caps on participation in DG programs as outlined in the MPSC’s Status of Renewable Energy, Distributed Generation, and Legacy Net Metering report. The table below outlines the DG tariff status for each utility at the close of 2023. On May 12, 2023, Indiana Michigan notified the Commission that the portion of the 1% allocated to projects 20 kW and less had reached capacity and that the Company was closing the program to new applications on May 15, 2023.^[4]

4 <https://mi-psc.my.site.com/s/filing/a008y000003YojFAAS/u157870388>

Summary of Distributed Generation Program Tariff Implementation			
Utility	Beginning DG Program Enrollment Date	Current Program Cap (Percentage of Average In-State Load)	Case Number Approving DG Program Cap
Alpena Power	January 1, 2022	1%	U-21045
Consumers Energy	January 1, 2021	4%	U-21124
DTE Electric	May 9, 2019	6%	U-21193
Indiana Michigan	February 1, 2020	1%	U-20359
NSP	January 1, 2023	1%	U-21097
UPPCO	May 24, 2019	3%	U-20995

[Public Act 235](#) of 2023, effective as of February 27, 2024, increases the DG participation cap to a minimum of 10%.

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, as has customer EV adoption. Data from EV pilot programs 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 2023, the MPSC continued assisting in the development of the Michigan State Plan for National Electric Vehicle Infrastructure (NEVI) Deployment to guide the use of approximately \$110 million in NEVI funding through fiscal year 2026. The MPSC also approved multiple EV pilot programs, including the transition of some EV pilots to permanent programs and new EV tariffs for several electric utilities in 2023.

In Case No. [U-21297](#), DTE Electric received approval to transition a portion of its EV pilot programs to permanent programs, including the Charging Forward Education and Outreach program which provides EV information to customers, the Charging Forward Home Charger Installation program which reduces financial and physical installation barriers to home charger ownership and EV use, and DTE’s eFleet Battery Support program which removes financial barriers to the adoption of electric busses. DTE also received approval to continue its current Home Charger Rebate pilot program, Business Charger Rebate pilot program, Income-Eligible Rebates pilot program, and Business Charger Installation pilot program, and approval for limited continuation of its Charging Hubs pilot program. DTE Electric received approval for a new School Bus Chargers pilot program for installing vehicle-to-grid chargers for electric school busses.

In a settlement agreement in Case No. [U-21224](#), Consumers Energy received approval to transition the residential portion of its PowerMIDrive pilot program to a permanent program and to implement an on-bill Installment Payment Plan for installation of EV charging outlets or wiring. Consumers Energy received approval to continue other portions of its PowerMIDrive pilot program and its PowerMIFleet pilot program, with the expansion to include incentives for Level 2 chargers, plug outlets, and other potential curbside locations, as well as to encourage charging site hosts to implement lower rates for off-peak charging.

The Commission previously approved an electric vehicle pilot program for I&M in Case No. [U-20359](#), as well as demand charge waivers for both Alpena Power Company in Case No. [U-21234](#) and Upper Peninsula Power Company in Case No. [U-21137](#), to accelerate the adoption of EVs and EV chargers in their respective service territories.

PURPA Avoided Cost Rates

The Commission issues orders related to the continued implementation of the federal 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. Data on the latest approvals of avoided costs and tariffs can be found on the MPSC's [PURPA Avoided Cost Fact Sheet](#).

TELECOMMUNICATIONS HIGHLIGHTS

313 Telecom Overlay

In November 2022, the North American Numbering Plan Administrator (NANPA) filed a [petition](#) in Case No. [U-21337](#) providing the Commission with notice that the 313 area code was nearing exhaustion due to low supply of unassigned telephone numbers and that relief efforts would need to begin. Rather than splitting the 313 area code geographically, NANPA requested that the Commission approve an area code overlay, which is the industry and nationwide standard for area code relief, to create a second area code for the same geographic region that the 313 area code currently covers. This would ensure that individuals within the existing geography would not need to change phone numbers to accommodate the new code, thereby simplifying the process for potentially impacted customers.

In March 2023, the Commission held a public hearing on the NANPA petition at Wayne County Community College in Detroit. At the hearing, Staff provided a summary of the petition and impacts of the change and accepted public comment. The Commission

approved the area code overlay in May 2023. The Commission continues to work with the NANPA to monitor the availability of numbers in the 313 area code and expects the new area code, 679, to be implemented sometime in 2025 or 2026. At that time, the Commission plans to engage in customer education efforts regarding necessary changes to customer dialing patterns and programmed calling technologies (for instance, alarm systems or medical alert systems) as 10-digit dialing will be required for all local calls.

NATIONAL & REGIONAL ADVOCACY

The MPSC remained active before the Federal Energy Regulatory Commission (FERC) and regional transmission organizations (grid operators regulated by FERC), as well as the Organization of MISO States and the Organization of PJM States to monitor federal proceedings and represent the interests of Michigan ratepayers. Engagement and advocacy focused on transmission planning, reforms to generator interconnection queues, and market transformation. In 2023, the MPSC intervened in 12 matters before the FERC and the Washington D.C. Court of Appeals.

Highlights of the MPSC's Federal focus areas include the following:

- The MPSC actively participated in MISO working groups discussing topics on the Resource Availability and Need (RAN) Initiative; a Reliability-based Demand Curve; Non-Thermal Capacity Accreditation Reforms; and the Seasonal Construct and the Seasonal Accreditation for Thermal Capacity, all of which are related to ensuring sufficient resources are available to meet the electricity needs of customers, particularly as the generation fleet transitions toward reliance on more intermittent generation. In Docket No. ER22-495, the MPSC participated on behalf of Michigan to support MISO's Seasonal Resource Adequacy Construct and Seasonal Accreditation for Thermal Capacity, which are now in the initial implementation phases.
- The MPSC continued collaborating with regional transmission organization working 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, thereby affecting wholesale market rules, wholesale and retail tariffs, and distribution interconnections going forward. The Commission actively participated on behalf of Michigan in Docket No. ER22-1640 regarding MISO's compliance with FERC Order 2222. MPSC Staff acted as the Chair of the Organization of MISO States's DER Working Group and helped drive discussions surrounding Order 2222 compliance, readiness, and state level activity.
- Chair Scripps served on the OMS Board of Directors as the President of OMS and Commissioner Peretick served on the Organization of PJM States (OPSI) Board of Directors.

- Chair Scripps served as one of ten regional state commissioners on the Joint Federal-State [Task Force](#) on Electric Transmission, which held two meetings in 2023 that focused on topics related to physical security, grid-enhancing technologies, interregional transmission planning, how to address regulatory gaps and challenges in oversight of transmission development, and how to navigate shared federal-state regulatory authority and processes.
- The Commission was active in MISO's long-range transmission planning process and PJM's efforts to establish long-term regional transmission planning. The Commission participated in FERC Docket No. RM22-7-000 addressing FERC's Notice of Proposed Rulemaking to revise its existing regulations governing permits to site electric transmission facilities under section 216 of the Federal Power Act.
- The Commission filed comments in FERC Docket No. ER24-341-000 supporting MISO's proposed generator interconnection queue reform and further opined that long-range transmission planning is the best way to address queue delays as a more robust transmission system will allow for a higher level of interconnection.

INFRASTRUCTURE

Enbridge Line 5

On December 1, the Commission issued its final [Order](#) in Case No. [U-20763](#), Enbridge Energy's application to replace the Mackinac Straits segment of Line 5 into a tunnel beneath the lakebed. In its order approving the application, the Commission found that:

- There is a public need for the replacement section of Line 5 and for the products it carries, consistent with past Commission precedent.
- There is a public need to protect the ecological, natural, and cultural resources of the Great Lakes that would be helped by replacing the existing dual pipelines with a single pipeline enclosed in a tunnel under the lakebed.
- There are no feasible and prudent alternatives to the replacement project pursuant to the Michigan Environmental Protection Act.

The application, which was originally filed in April 2020, received more than 23,000 public comments and the case resulted in a record of more than 2,500 pages. Six parties have appealed the Commission's December 1 Order with briefing expected to occur in 2024.

Additional information regarding the application, the project, and the Commission's decision may be found in the [Line 5 Issue Brief](#).

Infrastructure Investment & Jobs Act / Inflation Reduction Act

The Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) have created opportunities to make generational investments into Michigan's energy infrastructure. To take full advantage of these opportunities, the Commission has been working with partners and experts across the state to successfully implement these pieces of federal legislation. On May 12, 2022, the Commission opened Case No. [U-21227](#) to receive comments regarding funding and assistance opportunities available to public utilities pursuant to the federal IIJA. On August 23, 2022, the Commission issued an [Order](#) directing each of Michigan's regulated utilities to file reports demonstrating how the companies are, or should be, taking advantage of grants, loan programs, funds, and assistance available through the IIJA.

In February, the Commission issued an [Order](#) directing Michigan's regulated utilities to file biannual updates (due June 30 and December 31) regarding their efforts to obtain funding or assistance, including opportunities applied for, applications approved, funding awarded, and any applications that might be in process. The Commission also encouraged transmission companies operating in Michigan (ITC, ATC, and METC) to file similar reports on a voluntary basis. Finally, in a separate order in Case No. [U-20898](#), the Commission provided for rate regulated utilities to file requests for approval of pilot programs, accounting treatments, or other requests related to these funding and assistance opportunities and stated its commitment to utilizing best efforts to complete reviews of, and issue determinations on, these requests within 90 days of filing.

In addition to its efforts to ensure utilities are taking advantage of available federal funding opportunities, the Commission has played an active role in developing and supporting federal grant applications that would further reliability, resilience, economic development, and other projects and programs across the state. The Commission supported a Consumers Energy grant application for infrastructure development that will work to mitigate power outage impacts in disadvantaged communities and a DTE grant application to deploy adaptive networked microgrids to improve grid flexibility and reliability. In total, the grants awarded to the companies will result in approximately \$245 million in grid investments with half of the funds coming from the federal government.

The Commission engaged with the Department of Energy (DOE) in several other efforts throughout 2023 to secure federal funding through the IIJA and IRA programs including leading or supporting the following efforts which are all at various stages of development:

- A Solar for All grant application seeking \$250 million in funding for distributed solar in low-income communities.

- The MachH2 Hydrogen Hub, a public-private partnership which was awarded up to \$1 billion to accelerate potentially transformative hydrogen investments (currently undergoing negotiations with the DOE).
- A Transmission Siting and Economic Development (TSED) planning grant that would expand access to affected communities for participation in Electric Transmission Line Siting Cases before the Commission pursuant to [Act 30 of 1995](#).
- A TSED economic development grant that would direct economic development and workforce development to communities affected by transmission siting.
- A Wholesale Markets Studies grant to conduct a study investigating the effects that integration of Distributed Energy Resources in the transmission system have on wholesale electricity markets.
- A Grid Resiliency Program competitive grant to pursue deployment of Grid Enhancing Technologies (GET) to improve the efficiency of transmission lines.

Decisions on these applications are expected in 2024.

Additionally, the state has received \$38 million over five years from the DOE pursuant to the 40101D Grid Resilience grant and the Commission is active in reviewing grant proposals to utilize this funding.

The Commission's efforts in applying for, or supporting applications for, federal dollars to support the expansion of clean energy assets in Michigan will continue to pay dividends into the future.

Infrastructure Enhancement & Development Grants

Low Carbon

[Public Act 53](#) and [Public Act 166](#) of 2022 provide for a combined \$50 million in grants for businesses, nonprofit organizations, and local governments to develop, acquire, or build low-carbon energy facilities that may include natural gas, combined heat and power, or renewable natural gas facilities as well as electrification programs. In June 2023, the Commission announced awards to 15 grantees for infrastructure and planning grants, which totaled nearly all of the \$50 million appropriation. Some projects are already underway while others will begin in 2024. The winning projects and planning grants included the following:

Name and Description of Project	Award Amount
City of Lansing solar project	\$ 1,000,000
City of Traverse City solar and battery energy storage project	\$ 1,685,479
Consumers Energy Co. Swisslane Farm renewable natural gas project	\$ 5,633,745
Consumers Energy TDI Farm renewable natural gas project	\$ 5,392,437
DTE Gas Co. Mesick-Buckley natural gas expansion project	\$ 7,285,129
Genesee County Drain Commission construction of new digesters at Ragnone Wastewater Treatment Plant	\$ 5,000,000
Hope Network solar and battery storage project	\$ 3,655,547
Kent County Bioenergy Facility at the Kent County Sustainable Business Park	\$ 5,000,000
Lansing Board of Water and Light grid-scale battery energy storage system and ground-mounted solar system project	\$12,000,000
5 Lakes Energy infrastructure planning toolkit project	\$ 1,247,796
Kalamazoo Nature Center EV infrastructure planning project	\$ 265,000
Midland Cogeneration Venture carbon capture and sequestration feed feasibility study	\$ 771,360
Public Sector Consultants planning for regional community solar for Lansing-area communities project	\$ 151,340
Shelby Charter Township EV infrastructure planning project	\$ 158,800
Slipstream low carbon energy planning for Native Nations project	\$ 567,032

More information can be found on the Low Carbon Energy Infrastructure Enhancement and Development Grant [webpage](#).

Renewable Energy & Electrification

[Public Act 119 of 2023](#) was signed into law on July 31, 2023, and provides for \$21.3 million in grants for businesses, nonprofit organizations, local units of government, and tribal governments for the purpose of planning, developing, designing, acquiring, or constructing renewable energy and electrification infrastructure projects. The MPSC developed an RFP in the fall of 2023 and solicited public comment. Comments were evaluated and considered in the finalization of the RFP.

The Commission issued the final RFP for the Renewable Energy and Electrification Infrastructure Enhancement and Development (Renewable Energy EIED) Grant on December 20, 2023. The RFP, along with a timeline and additional information, can be found on the Renewable Energy EIED Grant [webpage](#). Proposals will be evaluated, and final award decisions are anticipated in September 2024.

Nuclear Feasibility Study

[Public Act 166 of 2022](#) directed the MPSC to engage an outside consulting firm to examine issues relating to nuclear power generation in Michigan. [Public Act 218 of 2022](#) provides

the parameters of the nuclear feasibility study. In response, the MPSC hired the consulting firm ENERCON to conduct the study. Also, on March 24, 2023, the Commission issued an order in Case No. [U-21358](#) establishing the Nuclear Feasibility Study Workgroup. More information regarding the study parameters and timeline can be found on the Nuclear Feasibility Study workgroup [webpage](#). The study report is due to the Legislature by April 15, 2024.

Long Term Resource Adequacy

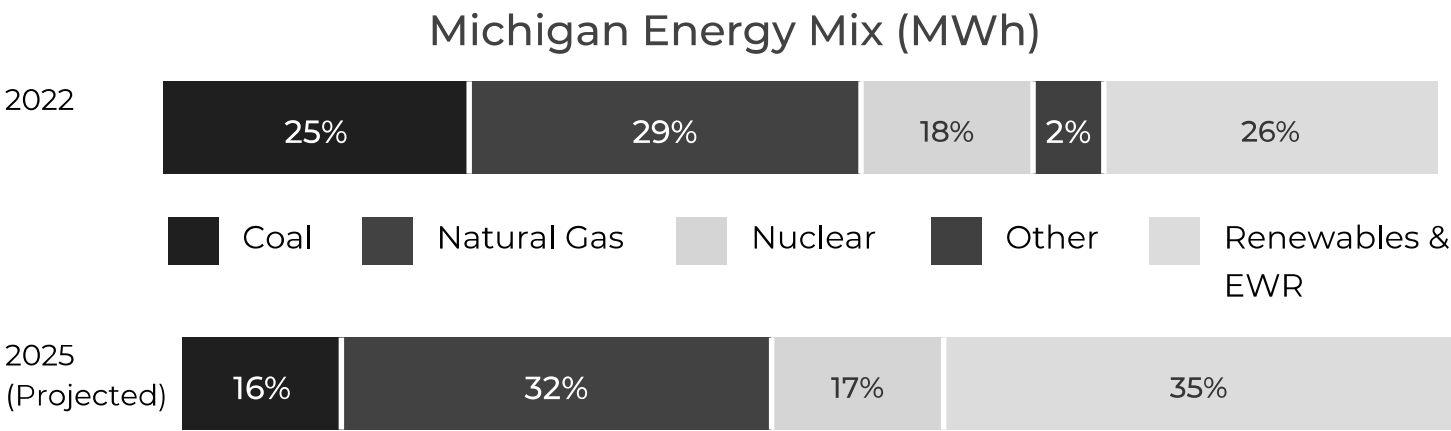
Integrated Resource Plans

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 factors.

In 2023, the Commission approved IRPs for DTE Electric in Case No. [U-21193](#) and I&M in Case No. [U-21189](#). DTE Electric agreed to convert its coal-fired Belle River units to natural gas, retire two of its coal-fired Monroe units by 2028, and retire its remaining coal-fired Monroe units by 2032, as well as accelerate the development of new renewable energy and energy storage resources to replace the planned retirements. I&M agreed to retire its coal-fired Rockport units by 2028 and replace the capacity with new carbon-free resources, which are expected to be primarily solar facilities, in a contested settlement agreement approved by the Commission. DTE Electric and I&M both agreed to increased annual EWR targets as part of their respective agreements.

A proportion of future energy needs continue to be met with renewable energy resources and [energy waste reduction programs](#). Both continue to provide benefits to Michigan customers. In 2022, aggregate EWR program expenditures of \$517 million by all natural gas and electric utilities in the state were estimated to result in lifecycle savings to customers of \$1.39 billion. For every dollar spent on EWR programs in 2022, customers should realize benefits of \$2.68. All regulated utilities met or exceeded their respective EWR targets in 2022. Renewable energy is consistently selected as a low-cost resource in utility IRPs. In 2022, 16.2% of Michigan's generation mix came from renewable energy, which exceeds the 15% by 2021 renewable energy standard.

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



Source: MPSC

State Reliability Mechanism

In 2017, the Commission established state reliability mechanism (SRM) charges and capacity demonstration requirements pursuant to Public Act 341 of 2016. 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 four years in the future.

Following Staff’s review in 2023, the Commission determined in Case No. [U-21225](#) that electricity providers demonstrated enough capacity to meet the requirements for the summer peak season of planning year 2026/27.

The Staff’s [report](#) in Case No. U-21225 also identified concerns regarding the tightening of forward capacity resources in the MISO region. As this was the first year that MISO instituted seasonal resource adequacy requirements and there was not much time for providers to obtain seasonal requirements and data from MISO prior to the deadlines for capacity demonstrations, some providers submitted annual demonstration information based upon the traditional summer peak season. There was insufficient data to make determinations for the other three seasons during this transitional year. The Commission approved revised filing dates for next year’s demonstrations in order to provide the ability for all providers to submit seasonal capacity demonstrations next year in Case No. [U-21393](#) for planning year 2027/28.

In December 2022, in Case No. [U-21099](#), the Commission partially lifted the ban on demand response aggregation for larger commercial and industrial customers to remove a barrier allowing those resources to participate in the market. However, the Commission indicated that prior to lifting the ban on demand response aggregation

for residential and other smaller commercial customers, “[a]uthority to implement licensing procedures [for aggregators] that include customer protections will be needed prior to the implementation of [FERC] Order 2222 for the aggregation of [distributed energy resources].” This would require additional action from the Legislature to give the Commission this authority, similar to the Commission’s existing authority to license alternative electric and gas suppliers and telecommunications providers. PJM’s implementation date for Order 2222 is scheduled to commence in June 2024 with pre-auction activities for PJM’s capacity auction for the 2026 planning year taking place in 2024. The implementation of Order 2222 in MISO is less certain as MISO was recently directed by the FERC to propose an earlier implementation date than was originally proposed in a compliance filing due to the FERC in May 2024. It is expected that MISO’s implementation will follow PJM’s implementation and take place for planning year 2027 or 2028. In order to protect residential and small commercial customers in Michigan who wish to participate with a demand response or DER aggregator, the Commission finds that additional authority from the Legislature to license aggregators operating in the State of Michigan is critical.

TELECOMMUNICATIONS PLANNING

Broadband Expansion

The Commission continued its efforts in support of broadband expansion across Michigan through participation on the Realizing Opportunity with Broadband Infrastructure Networks (ROBIN) Grant Program steering committee. The committee is responsible for awards of more than \$238 million in support of broadband projects.

Additionally, the Commission continued its involvement with both the Connecting Michigan Taskforce, as well as the Michigan High-Speed Internet Office (MIHI) partnership roundtable discussions as it involves the Broadband Equity, Access, and Deployment (BEAD) Program. The BEAD Program, a federally funded program, will enable the universal availability of high-speed internet to every home, business, and institution across Michigan. Michigan was awarded \$1.559 billion in BEAD funding to help close the digital divide that exists in Michigan. While MIHI is the state agency responsible for BEAD, the Commission has participated on BEAD workshops hosted by MIHI and has provided assistance to MIHI as it works to implement the BEAD program.

Licensing & Discontinuance of Service

The Telecommunications Division handled four license surrenders and received eight applications for providers seeking a new license or license expansion. Three discontinuance of service filings were also made pursuant to Section 313 of the Michigan Telecommunications Act. Additionally, the Commission commenced a rulemaking in 2023 to repromulgate rules governing obligations of providers of basic local exchange service that cease to provide that service and submitted those rules for further formal approvals, which are expected in 2024.

Section Five

2023 ENERGY LAW UPDATES

On November 28, 2023, Governor Whitmer signed into law a number of bills that codified many of the objectives of the MI Healthy Climate Plan. These updates to Michigan's energy laws also include significant changes to the Commission's authority, including the following:

- Public Act 229 increases the EWR targets from 1.0% annual savings to 1.5% for electric providers and from 0.75% to 0.875% for natural gas providers; establishes new Energy Optimization plans that may also include efficient electrification measures; reinstates municipal and cooperative electric utilities obligation to meet EWR requirements; and establishes minimum spending levels for EWR programs focused on low-income customers, among other provisions.
- Public Act 231 adds considerations of climate, public health, affordability, and environmental justice to utility integrated resource plan proceedings and requires additional studies as part of the IRP development process, as well as additional requirements and proceedings to enhance public participation in Commission proceedings. In addition, PA 231 also increases funding to the Utility Consumer Participation Fund and expands the types of cases for which intervenors can use these funds.
- Public Act 233 creates a process for the Commission to conduct proceedings relating to the siting of large-scale wind, solar, and energy storage projects. While the process must still begin at the local level, PA 233 provides for the Commission to approve siting applications for projects of statewide significance subject to a number of considerations and requirements laid out in the law while ensuring that local governments and neighboring residents have the opportunity to participate in the Commission proceeding.
- Public Act 234 amends the Zoning Enabling Act relative to the new siting process established in PA 233.

- Public Act 235 establishes a new clean energy standard by which utilities must generate 100% of their electricity from statutorily defined clean energy resources by 2040, with an interim standard of 80% by 2035, subject to the requirements included in the law. PA 235 also increases the renewable energy standard to 50% by 2030 and 60% by 2035; increases the cap on distributed generation resources to 10% of a utility’s peak load; and includes a number of other requirements relating to studies, rate recovery, and other regulatory measures.

The effective date for PA 229, 231, and 234 is February 13, 2024 and PA 235 is effective February 27, 2024. PA 233 will be effective November 29, 2024. The Commission is actively working on implementation strategies relating to these new statutory changes.



Section Six

CONCLUSION

The Commission had a busy and productive 2023, working on statutory and operational priorities and ensuring alignment with the state's energy policy and telecommunication goals. As the Commission looks to 2024, it remains dedicated to continuing its efforts to ensure safe, reliable, and accessible energy and telecommunications services at reasonable rates while working with the Governor and Legislature to improve infrastructure, enhance services, and ensure appropriate protections for Michigan residents and businesses.





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