

UTILITY CONSUMER PARTICIPATION BOARD

August 27, 2018 12:30 p.m.
Michigan Library & Historical Center
1st Floor, Lake Superior Room
702 W. Kalamazoo St., Lansing, MI
REGULAR MEETING MINUTES

Present: Jim MacInnes by conference call (Chairperson), Paul Isely (Board Member), Brian Vilmont (Board Member), Sam Passmore (Board Member), Susan Haroutunian (Board Member), Kelly Jo Kitchen (Board Assistant), Chris Bzdok (MEC), Don Keskey (RCG and GLREA), Jim Wilson (LARA), Douglas Jester (CARE), Jim Ault (Michigan Electric and Gas Association), Ed Haroutunian (Public), Mike Moody (Attorney General), Margrath K. Kearney (Environmental Law & Policy), James Clift (Michigan Environmental Council), Valerie Brader (Rivenoak Consulting), John Freeman (GLREA), John Liskey (CARE), Brian Coyer (RCG/GLREA)

I. Call to Order and Roll Call of Members 12:45

- a. Approval of Agenda and minutes from August 6, 2018

II. Business Items

- a. LARA Budget Update
- b. Discussion regarding hiring an outside person to analyze and help give direction to the UCPB in light of added responsibilities and to help prioritize the UCPB budget. Paul Isely is drafting an RFP for discussion at the October general meeting of the UCPB. Potential topics are: the types of cases of interest to residential rate payers; what is legally addressable under the revised statute; quantify the types of issues that may be present in each type of case; and quantify historically the potential impact on residential ratepayers for each issue. Sam Passmore stated he would like an independent expert's view of where the UCPB would have the most impact given the change in the law and limited resources and what the priorities should be going forward. Jim MacInnes suggested looking at annual reports of previous years and see what has been successful as a starting point.
Comments: IRPs will be difficult to quantify; utilities open many dockets and it will be difficult to tell which one will move forward; the AG has strategy sessions and the UCPB could have more discussions with them; new board members potentially coming in January and there would be a value of having the report done for the new board. Question regarding using a university such as MSU and enlist Jan Beecher's assistance. Need to get LARA's input as well as the AG's about moving forward with the idea and how best to proceed. Bring the ideas back in October and possibly make a proposal in December. The UCPB would like to have the project completed by the spring of 2019. The UCPB would look for neutral funding source and a neutral person to write the report. Jim Ault gave suggestions of people that would have the expertise to write a report for the board. Valerie Brader stated that the state has rules for RFPs and Jim Wilson will provide the template. Brian Vilmont and Jim MacInnes will coordinate with the AG.

- c. Attorney General: Brought proposals from the AG's office and what cases the AG is currently in and what the AG is looking to get into in the future.
- d. Grant Applications:

MEC: James Clift gave an introduction of MEC and what they do. Chris Bzdok gave an overview of the funds that were granted in FY 2018 and what is needed for FY 2019. Chris Bzdok pointed out that if there were others in the case and participated for the result that was acquired MEC scales the result for the board to show MEC's impact. There has been a 13:1 return on investment and there are policy achievements that took effect due to MEC's efforts.

The AG looks more at the business expenditures and not the nuance of rate design.

- Consumers Energy General Rate Case, No. U-20134 (\$15,150)
Supplemental legal funds are requested to support this case.
Moved: Paul Isely, Seconded: Brian Vilmont
Motion Carried
- Consumers Energy 6t IRP Case, No. U-20165 (\$35,350)
Issues: Capital expenditures for the Karn 1-2 have a positive net value until retirement, securitize the cost of the net book value and decommissioning costs as opposed to creating a regulatory asset, the retirement of Campbell 1-2 could be done sooner than 2030 by obtaining sufficient capacity from imports and wind, ask commission to have CECO develop a distribution and transmission system solar hosting analysis and analyze the financial compensation mechanism.

Moved: Paul Isely, Seconded: Sam Passmore
Motion Carried
- DTE Electric General Rate Case, No. U-20162 (\$85,850) had some funding at the beginning of August, \$12,120.
Issues: DTE is requesting a very large rate increase of 28.7%. Analyze the Investment Recovery Mechanism (IRM) for savings, cost of capital issues will be left to other interveners unless directed differently by board, challenge the River Rouge capital expenditures, evaluate and challenge other tier 2 unit's capital expenditures, challenge the inclusion of some of the capital spending. Challenge the rate design specifically that residential customer rates be redesigned to better account for the costs imposed on the system by summer peak usage. Challenge the no bid contract and fixed cost allocation of unregulated affiliate DTE P & I regarding building a combined heat and power plant on Ford property at the request of Ford.

Moved: Paul Isely, Seconded: Sam Passmore
Motion Carried
- DTE Electric 2017 PSCR Reconciliation, Case No. U- 20069 (\$10,100)
Issues: Making progress on the River Rough Tier 3 plant being uneconomical to run; this issue is a pour over from the rate case.

Moved: Paul Isely, Seconded: Brian Vilmont
Motion carried
- DTE Electric PSCR Plan for 2019, Case No. TBD (\$40,400), filed September 30.
No action

- Approval of expert: George E. Sansoucy

Moved: Brian Vilmont, Seconded: Paul Isely
Motion Carried

For Phase 2 of the FY 2019 grant process, MEC proposes to participate in the following cases:

- DTE Electric 6t IRP Case, Case No. TBD (\$101,000) to be filed in February.
No action

CARE: John Liskey gave an introduction and background of CARE. The cases are frontloaded this year.

MPSC Cases:

- UPPCO Rate Case No. U-20276 (\$60,000) filed around Sept. 14th.
Issues: Replacement power supply arrangements, UPPCO's use of interruptible tariffs, RTMP tariffs and other cross-subsidization issues, and allocation of costs. CARE will provide a cost of service study.

Moved: Paul Isely, Seconded: Sam Passmore
Motion carried

- UPPCO PSCR Case No. TBD (\$15,000)
Issues: Transition year contracts will be looked at; advocating for getting out of excessive contracts; analysis of allocation of costs.

Moved: Paul Isely, Seconded: Brian Vilmont
Discussion
Motion Carried

- UMERC PSCR Case No. TBD (\$15,000)
Issues: Analysis of cost allocation and special industrial contracts scrutinized.

Moved: Paul Isely, Seconded: Brian Vilmont
Motion Carried

- UPPCO PSCR-R Case No. TBD (\$15,000)
No action

- UMERC PSCR-R Case No. TBD(\$15,000)
No action

- UPPCO IRP Case No. TBD, \$15,000 already granted (\$15,000 additional), filed around Oct. 14th or 15th.

Issues: Long Term PPAs and peaking plants since UPPCO purchases most of its power. Look at energy efficiency and demand response. Energy waste reduction programs for high-end users. CARE has had some preliminary discussions with UPPCO.

Moved: Paul Isely, Seconded: Susan Haroutunian

Motion carried

MISO/FERC: (\$35,000)

- Monitor MISO for new market rules pursuant to a FERC Order to improve rules for storage. This could be a \$30 million benefit to customers. Advocate for distributed energy resources and HVDC to Canada. Monitor State Reliability Mechanism's capacity factor. Engage in MISO Committees and work groups, specifically watch for any changes to the capacity market's design. Support the environmental sector's efforts to ease various restrictions and roadblocks that make it difficult for wind energy projects. Seek to influence changes in the capacity market. Participate in MTEP19 transmission planning meetings and monitor voltage stability issues. MISO is replacing market making software to adapt to the changes in energy generation, transmission and storage. MISO votes in sectors rather than states.

Discussion: Valerie Brader suggested contacting Agency for Energy person, Nick Abraham, at the state level. AG's involvement in the cases is usually initiated by CARE since CARE sits in on many of the meetings.

Moved: Paul Isely, for (\$17,500) for first half of year, Seconded: Brian Vilmont

Motion Carried

RCG:

- Consumers Energy Company (CECO) General Electric Rate Case, No. U-20134
\$18,180 already granted.
Issues: Projected test years and pan caking these projections has a lot of excess charges, contingency factors included in rates that may or may not exist, inflation figures are used and RCG would like to see their increase in productivity and CECOs accounting proposals.
No action
- CECO IRP Case, No. U-20165, (\$26,664)
EWR issues, PPAs as well as residential contribution to energy production.
No action
- DTE Electric's General Rate Case, No. U-20162, (\$33,330)
Issues: DTE is requesting a large rate increase. Projected test years and pan caking these projections has a lot of excess charges, contingency factors included in rates that may or may not exist, inflation figures are used and RCG would like to see their increase in productivity and accounting proposals.
No action
- CECO PSCR Plan Case, No. TBD, (\$16,665), filed around September 30, 2018.
Issues: Analyze whether CECO is pursuing the most cost effective arrangements for generating or purchasing electric capacity; scrutinize agreements that may be impacted by the reduction of federal income tax expense under the Tax Cut and Jobs Act of 2017.

Moved: Paul Isely, Seconded: Susan Haroutunian

Motion Carried

- DTE Electric PSCR plan and 5-year forecast Case, No. TBD, (\$16,665), filed around September 30, 2018.
Issues: Supplier contracts, affect of the tax law and rates being charged.
No action
- CECO's Gas General Rate Case, No. TBD, (\$16,665), Filed around September.
No action
- DTE Gas General Rate Case, No. TBD, (\$16,665), to be filed in September or October 2018.
No action
- CECO's refund of self-implementation electric rate increases Case, No. U-18322/ U-20275, (\$3,333)
Issues: There was a reduction in rate since self-implementation. AG probably would not be in these since the refund is statutory.
No action
- DTE Electric's refund of self-implementation electric rate increases Case, No. U-18255/U-20258, (\$3,333)
Issues: There was a reduction in rate since self-implementation. AG probably would not be in these since the refund is statutory.
No action
- DTE Electric's 2017 PSCR reconciliation Case, No. U-20069, (\$3,333)
No action
- CECO's 2017 Energy Waste Reduction Plan Case, No. U-20028, (\$3,333)
Issues: Cost allocation issues and supplier contracts and the affect of the tax law.
No action
- DTE Energy Waste Reduction Reconciliation Case, No. U-20029, (\$3,333)
Issues: Cost allocation.
No action
- DTE 2017 Energy Waste Reduction Case, No. U-20035, (\$3,333)
Issues: Cost allocation.
No action

The board asked if there was a way to prioritize the cases presented. RCG will bring back ideas at the next board meeting.

GLREA: John Freeman introduced himself and the history of GLREA and what the focus is of that group.

- Consumers Energy Company (CECO) Integrated Resource Plan Case, No. U-20165, (\$36,663)

Moved: Paul Isely, Seconded: Brian Vilmont
Discussion:
Motion Carried 4-1, Sam Passmore opposed
- DTE Rate Case, No.U-20162, (\$36,663)

Moved: Paul Isely, Seconded: Brian Vilmont

Discussion:

Motion Carried

- DTE Electric's IRP Case, No. TBD, (no budget set as yet), to be filed in March.
No action
- CECO PSCR Plan and Forecast Case, No. TBD, (\$16,665), to be filed 09/30/2018.
No action
- DTE Electric PSCR Plan and five-year forecast Case, No. TBD, (\$16,665), to be filed September 30, 2018.
No action
- Approval of experts: Jerry E. Mendl and David Konkle

Moved: Brian Vilmont, Seconded: Paul Isely

Motion Carried

III. Reports

- a. Grantees:

IV. Public Comment

V. Next meeting: October 1, 2018

VI. Adjournment 5:00
