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STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

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COMMISSIONER

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CHAIRMAN

RACHAEL EUBANKS
COMMISSIONER

March 6, 2017

Honorable Rick Snyder
Governor of Michigan

Honorable Members of the Michigan Senate

Honorable Members of the Michigan House of Representatives

The enclosed *2016 Annual Report* is submitted on behalf of the Michigan Public Service Commission (Commission) in accordance with Section 5a of 1989 PA 33; MCL 460.5a. The report is also available on the Commission's website.

During 2016, the Commission engaged in strategic planning activities to identify strategic priorities, objectives, and action steps to ensure alignment with Governor Rick Snyder's energy policy goals focused on reliability, affordability, adaptability, and protecting the environment. The strategic planning efforts also resulted in the revision of our mission and goals. The Commission's revised mission is: ***to protect the public by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates for Michigan's residents.***

In 2016, the Commission issued 493 orders, consisting of 262 electric orders, 163 telecommunications orders, and 68 natural gas orders. The Commission also issued 26 minute actions. Of particular note, the Commission:

- Revised the retail natural gas rates of Consumers Energy Company and DTE Gas Company, the retail electric rates for Upper Peninsula Power Company, and the retail steam rates of Detroit Thermal Company. This involved extensive reviews of the utilities' capital investments and operations and maintenance expenses.
- Evaluated electric generation resource adequacy over the next five years, finding that capacity supplies are expected to continue to tighten in both the state and the Midwest through 2020 as older electric generating units go offline.
- Approved the creation of the Upper Michigan Energy Resources Corporation (UMERC), a Michigan-only jurisdictional utility composed of the Michigan-based electric and gas service territories previously served by Wisconsin Electric Power Company and Wisconsin Public Service Corporation.
- Performed inspections and investigated all jurisdictional incidents that met the US Department of Transportation requirements, through the Commission's gas safety engineers. Inspection days included incident investigations into the explosion of DTE Gas Company's pipeline facilities in Melvindale, Michigan and a SEMCO gas facility

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Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.
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rupture in L'Anse in Michigan's Upper Peninsula, both of which were caused by vehicular accidents.

- Approved or amended licenses for 11 telephone companies, revised Emergency 9-1-1 Services Multiline Telephone System rules, approved 64 carriers as eligible telecommunications carriers to apply for federal Universal Service Funding, and upgraded its Intrastate Telecommunications Service Provider database and software.
- MPSC approved a request to designate 211 Northeast Michigan Call Center as the 2-1-1 answering point for telephone exchanges in St. Clair County, making 2-1-1 the abbreviated phone number that connects people with information and resources, available statewide. Through cooperation with the Michigan Agency for Energy (MAE), we continued to work to resolve issues related to system support resource (SSR) costs being borne by customers in the Upper Peninsula, including removing the final SSR charges from customer bills, effective November 2016.
- Through cooperation with MAE, conducted an investigation into estimated billing practices by Consumers Energy Company, ordering the company to make changes to prohibit the use of estimated bills over an extended period of time, and requiring the company to pay a fine of \$515,800 for violations of the Commission's Billing Rules.
- Through cooperation with MAE, assisted consumers and businesses with 11,000 complaints and inquiries related to energy and telecommunications service.

At the end of 2016, the Legislature passed and the Governor signed into law Public Acts 341 and 342 of 2016, comprehensive energy policy legislation. The bills, signed by Governor Snyder on December 21, 2016, update Michigan laws related to rate case processing, integrated resource planning, electric choice, code of conduct, renewable energy, energy waste reduction, distributed generation, and on-bill financing, and take effect April 20, 2017.

The Commission was also involved in the efforts of Governor Snyder's 21st Century Infrastructure Commission and assisted with the development of recommendations on Communications and Energy issues. The final Infrastructure Commission report and recommendations can be found at <http://miinfrastructurecommission.com/>.

Finally, the Commission appreciates the Legislature's support in providing additional resources during 2016 to address electric reliability and infrastructure issues, compliance with federal pipeline safety standards, and implementation of Public Acts 341 and 342.

The Commission looks forward to a busy and productive 2017, especially when it comes to effectively implementing the provisions of Public Acts 341 and 342. As always, we stand ready to work with the Legislature on energy and telecommunications matters to enhance services and ensure adequate protection of Michigan residents and businesses.

Very truly yours,

Sally A. Talberg
Chairman

Norman J. Saari
Commissioner

Rachael A. Eubanks
Commissioner

MICHIGAN PUBLIC SERVICE COMMISSION

2016 ANNUAL REPORT

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

March 6, 2017

Department of Licensing and Regulatory Affairs



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Sally A. Talberg, Chairman

Sally A. Talberg was appointed by Governor Rick Snyder to the Michigan Public Service Commission on July 3, 2013, and was appointed chairman on January 4, 2016. Her term ends July 2, 2019.

Prior to her appointment, Chairman Talberg worked in the public and private sectors with a focus on energy policy and utility regulation. Most recently, she served as a senior consultant at Public Sector Consultants focusing on energy policy issues. During her tenure at Public Sector Consultants, she also helped establish Michigan Saves, a financing organization to support energy waste reduction. Chairman Talberg previously served as an analyst at the Michigan Public Service Commission, managed enforcement and contested cases at the Michigan Department of Environmental Quality, and advised commissioners at the Public Utility Commission of Texas.

Chairman Talberg served as 2016 president of the Organization of MISO States. Through her involvement with the National Association of Regulatory Utility Commissioners Telecommunications Committee, she also serves on the Federal-State Joint Boards on Jurisdictional Separations and on Universal Service.

Chairman Talberg holds a bachelor's of science degree in Environmental and Natural Resources Policy Studies from Michigan State University and a master's degree in Public Affairs from the Lyndon B. Johnson School of Public Affairs, University of Texas-Austin.



Norman J. Saari, Commissioner

Norman J. Saari was appointed by Governor Rick Snyder to the Michigan Public Service Commission for a term beginning on August 2, 2015. His term ends July 2, 2021.

Commissioner Saari served as an executive director of governmental affairs for 20 years at the Consumers Energy Company, a position from which he retired in 2006. He was appointed to serve on the Pipeline and Hazardous Materials Safety Administration's Liquid Pipeline Advisory Committee, which will make recommendations to help PHMSA develop safety requirements. Commissioner Saari was most recently Chief of Staff for the Michigan House of Representatives under Speaker Kevin Cotter as well as under former Speaker Jase Bolger. He also served as Governor Snyder's manager of appointments and Chief of Staff for former State Senator Jason Allen.

Commissioner Saari is a member of the National Association of Regulatory Utility Commissioners and currently serves on its Committee on Natural Gas, Subcommittee on Nuclear Issues-Waste Disposal, Committee on Critical Infrastructure, and the Washington Action Program. During 2016 he also served on the Electric Committee. Additionally, Commissioner Saari is the board treasurer of the Mid-America Regulatory Conference, and a commissioner on the PHMSA liquid pipelines Advisory Board.

Commissioner Saari earned a bachelor's degree in journalism from Michigan State University, and served as a public information officer in the Michigan National Guard.



Rachael A. Eubanks, Commissioner

Rachael Eubanks was appointed by Governor Rick Snyder to the Michigan Public Service Commission, for a term beginning Aug. 1, 2016 and expiring July 2, 2017, as she completes the remainder of a six-year term.

She serves on the National Association of Regulatory Utility Commissioners' Electric Committee, which focuses on developing and advancing policies that promote the reliable, adequate and affordable supply of electricity and, through its collaboration with the Federal Energy Regulatory Commission, seeks ways to improve the quality and effectiveness of regulation.

Commissioner Eubanks represents Michigan on the board of the Organization of PJM States, where she also serves on its personnel committee.

Prior to her appointment, Commissioner Eubanks worked in public finance for 13 years, most recently as a director at Robert W. Baird & Co. Inc. During her 10-year tenure at Baird, she completed over \$22 billion in bond financings, primarily for the State of Michigan, Michigan State Building Authority, Michigan Finance Authority and other state agencies. She served as financial advisor on a \$185 million issuance for the Public Lighting Authority of Detroit that financed a complete overhaul of the city's street lighting system amidst its bankruptcy proceedings.

She holds a bachelor's degree in economics from the University of Michigan.

Introduction

Section 5a of Public Act 33 of 1989, MCL 460.5a, requires the Michigan Public Service Commission (MPSC or Commission) to file an annual report with the Governor and the Legislature on or before the first Monday of March each year. The report is a summary of Commission activities and may include rules, opinions, and orders promulgated or entered by the Commission during the calendar year covered by the report, as well as any other noteworthy information that the Commission deems appropriate.

Mission and Goals

Michigan's energy and telecommunications sectors are faced with growing challenges, such as natural gas pipeline safety, aging infrastructure, integration of new technologies, and the transition from landline telephones. In late 2016, the MPSC engaged in strategic planning activities to identify strategic priorities, objectives, and action steps to ensure alignment with Governor Rick Snyder's energy policy focused on reliability, affordability, adaptability, and protecting the environment. The strategic planning efforts also resulted in the revision of our mission and goals. MPSC's revised mission is: to protect the public by ensuring safe, reliable, and accessible energy and telecommunications services at reasonable rates for Michigan's residents.

MPSC's organizational goals, which guide efforts to meet its mission, are to:

- Establish fair and reasonable rates for regulated services and adopt and administer fair terms and conditions of service for Michigan's utility customers consistent with state and federal law and regulations.
- Assure adequate and reliable supplies of regulated services to all Michigan customers, and the safe and efficient production, distribution, and use of the state's energy and telecommunications services.
- Assure the security of Michigan's critical infrastructure by promoting physical and cyber security with regulated utilities.

- Promote Michigan's economic growth and enhance the quality of life of its communities through adoption of advanced technologies like broadband telecommunications, efficient renewable energy resources, and energy efficiency innovations.
- Support adoption of advanced technologies like broadband telecommunications, efficient renewable energy resources, and energy waste reduction innovations.
- Provide customers with the opportunity to choose alternative electric, natural gas, and telecommunications providers.
- Provide regulatory oversight in a prudent and efficient manner while implementing legislative and constitutional requirements.
- Maintain open communication to external stakeholders, customers, and general public.

Collaboration with Michigan Agency for Energy

2016 marked the second year of the MPSC being housed as an autonomous agency within the Michigan Agency for Energy (MAE) pursuant to Executive Order No. 2015-10. The MPSC and MAE continued to work together on several important issues during 2016, including:

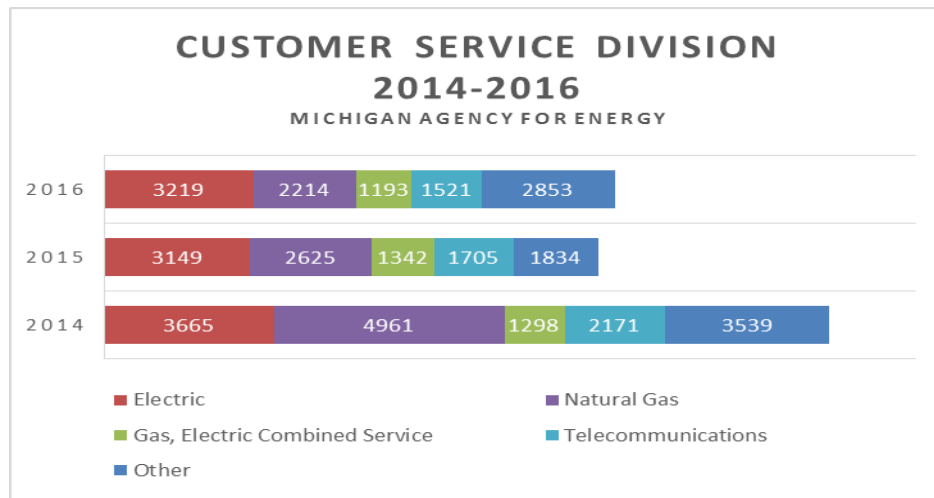
- MPSC and MAE staff worked together on modeling related to electric energy and capacity resources and compliance with the federal carbon rule, as well as evaluating Michigan's resource adequacy situation if key power plants were offline. The results of these studies can be found on the Agency's website. Additional modeling related to increased interconnection between the Upper and Lower Peninsulas of Michigan, conducted by the Midcontinent Independent System Operator (MISO) at the request of Michigan officials, will be completed in 2017.
- Continued collaboration between the MPSC and MAE resulted in removal of extra charges imposed by the federal government related to electric reliability for ratepayers in Michigan's Upper Peninsula.

- MPSC and MAE Staff collaborated on multiple investigations in 2016, including an investigation into estimated billing practices by Consumers Energy Company. Through the efforts of staff in the Commission's Operations and Wholesale Markets Division and the MAE's Customer Service Section, Consumers Energy was ordered to make changes to prohibit the use of estimated bills over an extended period of time, and was required to pay a fine of \$515,800 for violations of the Commission's Billing Rules.
- MPSC Staff assisted MAE, legislators, and other stakeholders in passage of Public Acts 341 and 342 of 2016, comprehensive energy policy legislation. The bills, signed by Governor Snyder on December 21, 2016, update Michigan laws related to rate case processing, integrated resource planning, electric choice, code of conduct, renewable energy, energy waste reduction, distributed generation, and on-bill financing. The new laws take effect April 20, 2017.
- Both the MPSC and MAE were involved in the efforts of Governor Snyder's 21st Century Infrastructure Commission. Commission Chairman Sally Talberg and Agency Executive Director Valerie Brader were both members of the Infrastructure Commission, and staff from the Agency and Commission helped to support the Infrastructure Commission's activities. The final Infrastructure Commission report and recommendations can be found at <http://miinfrastructurecommission.com/>.

MAE Customer Service Division

The MPSC and MAE also collaborated to deliver quality and timely customer service to Michigan residents. This effort is led by the Customer Service Division (CSD) housed within MAE. In 2016, this Division served eleven thousand new customers who had a complaint or inquiry (see Figure 1). The CSD handled 6,626 energy-related contacts, 1,521 telecommunication contacts, and 2,853 other contacts. CSD served as coordinators for 25 formal complaint cases for customers who were not satisfied with the resolution of their complaint at the informal level. Common complaints and concerns in 2016 include cancellation of alternative gas supplier contracts, billing, outages and service shut-offs.

Figure 1: Customers Served 2014 - 2016



This division continued to assist in a Commission rulemaking proceeding in Case No. U-18120 to amend and update the Commission’s Billing Practices Applicable to Non-Residential Electric and Gas Customers rules, and the Consumer Standards and Billing Practices for Electrical and Gas Residential Service rules. The Division worked with regulated electric and natural gas utilities and stakeholders to identify industry best practices to protect customers during a medical crisis to prevent service shut-offs. The Division also assisted the Commission with an investigation into Direct Energy Services, LLC’s (DES) potential unauthorized enrollments.

Regulatory Process Improvement

In fall 2016, the MPSC began work with LARA’s Office of Process Reengineering and Optimization to analyze and reengineer processes to maximize efficiency and/or streamline workflows. By using the Lean Process Improvement Methodology, the MPSC is:

- i. redesigning an obsolete data collection and reporting system for natural gas pipeline safety and facility damage prevention; and
- ii. defining workflow processes for the collection, preservation and security of official documents and enhancement of efficiencies through automation

Both process improvement projects will enable the MPSC to improve timeliness, efficiency and quality of service delivery.

Staff Organization

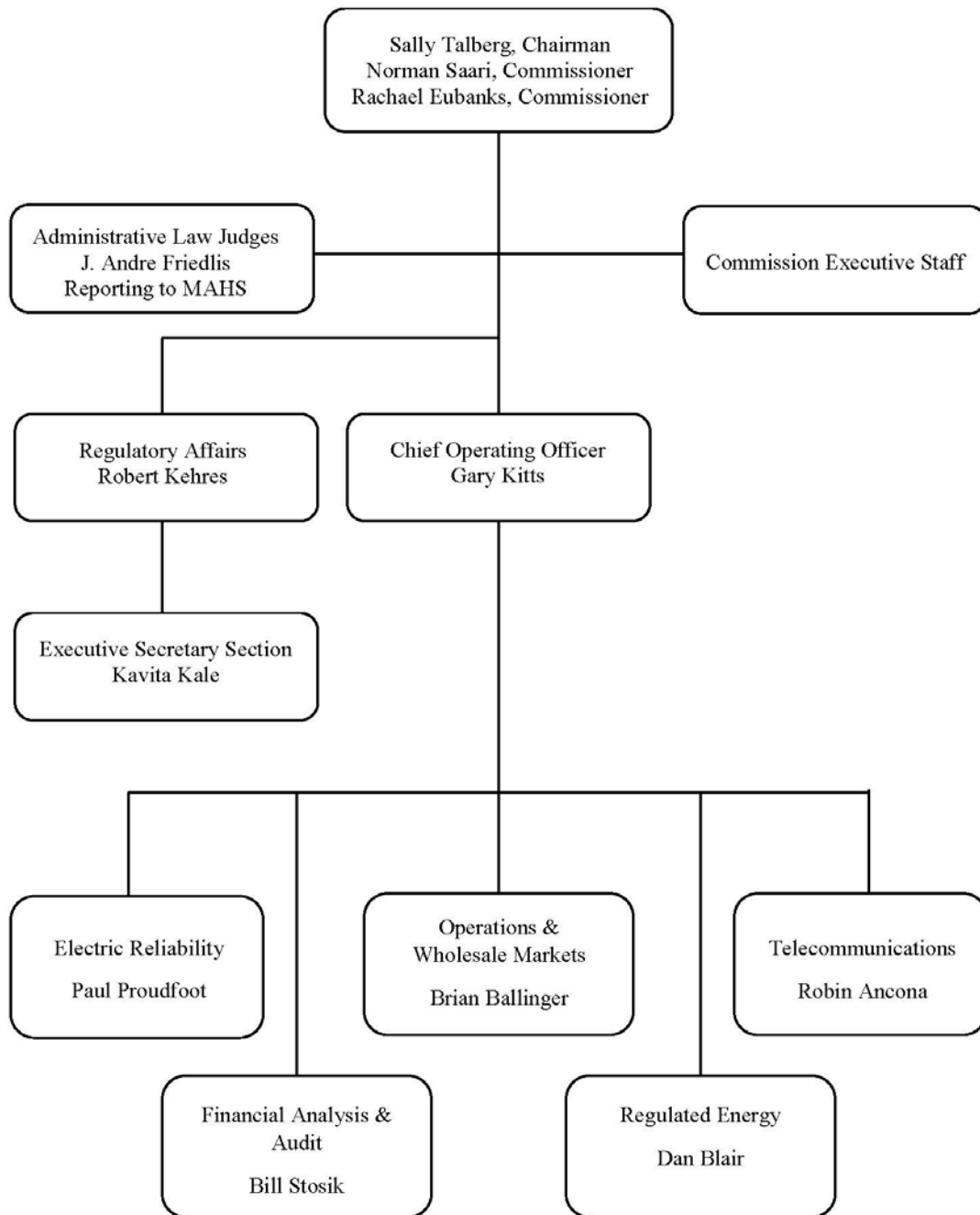
In 2016, the Michigan Public Service Commission had 124 full-time employees on staff, organized into six Divisions:

- i. Regulatory Affairs Division, responsible for the drafting of Commission orders and administrative rules, and maintaining the Commission's files and official dockets
- ii. Electric Reliability Division, responsible for implementation of the state's Clean, Renewable and Efficient Energy Act and evaluating certificate of necessity filings
- iii. Financial Analysis & Audit Division, responsible for accounting and audit issues, reconciliations, financial statistics, annual reports, administration of Michigan's gas and electric customer choice programs, electric resource adequacy and modeling
- iv. Operations & Wholesale Markets Division, responsible for ensuring safe, reliable and accessible energy supplies
- v. Regulated Energy Division, responsible for electric, natural gas, and steam utility ratemaking functions, including gas and electric power supply
- vi. Telecommunications Division, responsible for all aspects of the Commission's authority related to telecommunications services: under the Michigan Telecommunications Act (MTA), the Metropolitan Extension Telecommunication Rights-of-Way Oversight (METRO) Act; the Video Franchise Act and the Emergency 911 Service Enabling Act and also pursuant to delegated authority from the Federal Telecommunications Act (FTA) and Federal Communications Commission (FCC) orders.

In addition to MPSC's six Divisions, the Michigan Administrative Hearing System maintains an office of specialized Administrative Law Judges, who conduct hearings on Commission cases.

The Commission performs functions that are common to state government. Every state in the nation has a similar agency that is responsible for utility regulation and other functions handled by the Commission. The MPSC is relatively small compared to others. For example, MPSC has a staff of 12.5 per million population compared to the national (including Washington, DC) average of 25.5 and an average of 22.0 in other Great Lakes states.

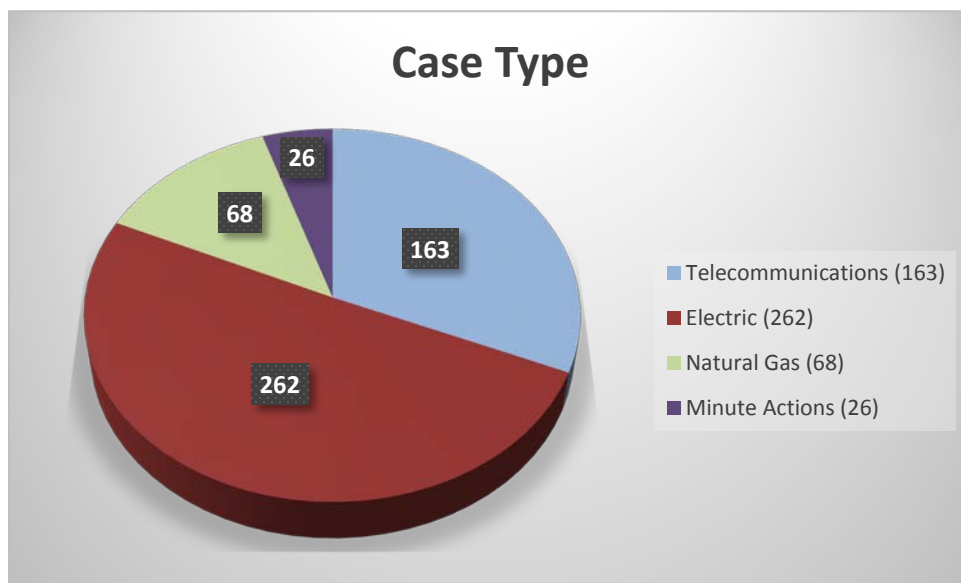
MPSC Organizational Chart



Regulatory Affairs Division

Through the Regulatory Affairs Division, the Commission issued 493 orders in 2016 (see Figure 2), consisting of 163 telecommunications, 262 electric and 68 natural gas orders. The Commission also issued 26 minute actions. The Executive Secretary received and processed 7,371 official documents from applicants, complainants, respondents, intervenors, and other interested persons. This included documents resulting from 251 cases opened in 2016.

Figure 2: Cases by Utility Type



Sixteen formal complaints were served upon regulated telecommunications, cable, electric, and gas providers. Also, 123 notices of hearing and notices of opportunity to comment were issued on behalf of the Commission. Court reporters were scheduled for 252 Commission hearings. More than 300 industry officials and interested persons were electronically notified of Commission's Own Motion orders through an automated electronic notification system.

MPSC received and opened 215 electronic cases and posted 7,265 electronic filings from utility companies, intervenors, Commission Staff, administrative law judges, the Attorney General, ratepayers, and court reporters. The Executive Secretary also responded to 58 Freedom of Information Act requests. Effective October 1, 2016, MPSC began delivering all final orders electronically to the attorney of record and other parties involved in electronically filed cases. This change is expected to save at least \$14,000 annually in photocopying and postage expenses.

Electric Reliability Division

Through the Electric Reliability Division, the Commission approved 13 Energy Optimization annual reconciliation case filings. The Commission received annual reports from 65 utilities, cooperatives and municipal utilities and the energy efficiency staff found them to be in compliance.

The Generation and Certificate of Need Section staff performed an in-depth analysis of resource adequacy in Michigan, pursuant to Commission Case No. U-17992. A report outlining key findings was drafted and submitted to the docket on this matter. Generation and Certificate of Need Section staff also worked with MISO, MAE and other Division Staff to study potential reliability issues facing Michigan using Electric Generation Expansion Analysis System (EGEAS) modeling software.

The Commission approved seven renewable energy plans, handled eight renewable energy reconciliation cases, and approved four renewable energy contract applications. Staff is continuing its stakeholder group meetings to study standby rates. In May, the Commission opened separate dockets for each rate-regulated electric provider to establish avoided cost and continued implementation of the Public Utility Regulatory Policies Act of 1978.

Financial Analysis & Audit Division

Through the Financial Analysis & Audit Division, the Commission received three electric and two natural gas case applications. The Commission revised the retail natural gas rates of Consumers Energy Company and DTE Gas Company, the retail electric rates for Upper Peninsula Power Company, and the retail steam rates of Detroit Thermal Company. The remaining cases are pending.

To date, there have been a total of 40,437 visitors to the Gas Choice Comparison Website, www.michigan.gov/CompareMIGas (which was launched on October 5, 2015). The Division tracked participation in choice programs and found that the number of both electric choice customers and gas choice customers throughout the state decreased in 2016.

The Commission opened 23 Gas Cost Recovery Reconciliation, Gas Times Interest Earned Ratio (TIER), Power Supply Cost Recovery (PSCR) Reconciliation, cooperative PSCR/TIER, Steam Cost Recovery Reconciliation, Revenue Decoupling, Uncollectible Reconciliation, and miscellaneous reconciliation cases that were assigned to the Act 304 Reconciliations Section of the Division. Of these cases, eight remain open.

Operations & Wholesale Markets Division

Through the Operations & Wholesale Markets Division (OWMD), the Commission issued 15 orders (see Table 1) for the following: one certificate of public convenience and necessity for a natural gas utility, four applications for authority to construct and operate natural gas and petroleum product pipelines, one natural gas pipeline complaint, one natural gas infrastructure replacement reconciliation, an electric rate case, and one electric utility complaint case.

Table 1: Commission Orders - OWMD 2016

Gas Pipeline Construction Requests (Act 9)	3
Natural Gas Certificate of Convenience and Necessity (Act 69)	1
Hazardous Liquid Pipeline Construction Requests (Act 16)	1
Pipeline Safety (Act 165)	2
Waiver for Electric and Gas Meter Testing	2
Electric Operations - Administrative Rules 460.3411 and Rule 460.2705(1) Cases	3
Complaint Cases	1
Staff Investigation into Accidental Electrocution	1
Remand on Opt-Out Tariff	1

In addition, OWMD staff assisted in providing testimony in three electric cases, two gas cases, one merger and acquisition case and one steam case. Also, OWMD was responsible for the docket in which the Commission, on its own motion, issued orders related to the promulgation

and formal adoption of rules under Public Act 174 of 2013 (PA 174) governing underground facility damage prevention and safety.

Staff assisted in the Severstal Dearborn, LLC, complaint case against DTE Electric Company, alleging that the utility overbilled the company for several years. Staff was in charge of an investigation regarding stray voltage and whether it was impacting milk production on a dairy farm. Staff continued to review all Michigan investor-owned utilities' reliability data and power quality data to ensure customers were not experiencing power quality issues with the electric distribution system, and the dollars spent by the companies intended to improve the distribution system increased reliability.

In four major rate cases, the division staff reviewed electric distribution operations capital spending and operations and maintenance expenses. This included tree trimming and capital upgrades to improve electric reliability. In addition, the staff evaluated and provided testimony addressing the reasonableness and prudence of smart grid investments, including advanced metering infrastructure (AMI) meter installations, cybersecurity, billing rules, customer access, and information technology (IT) investments.

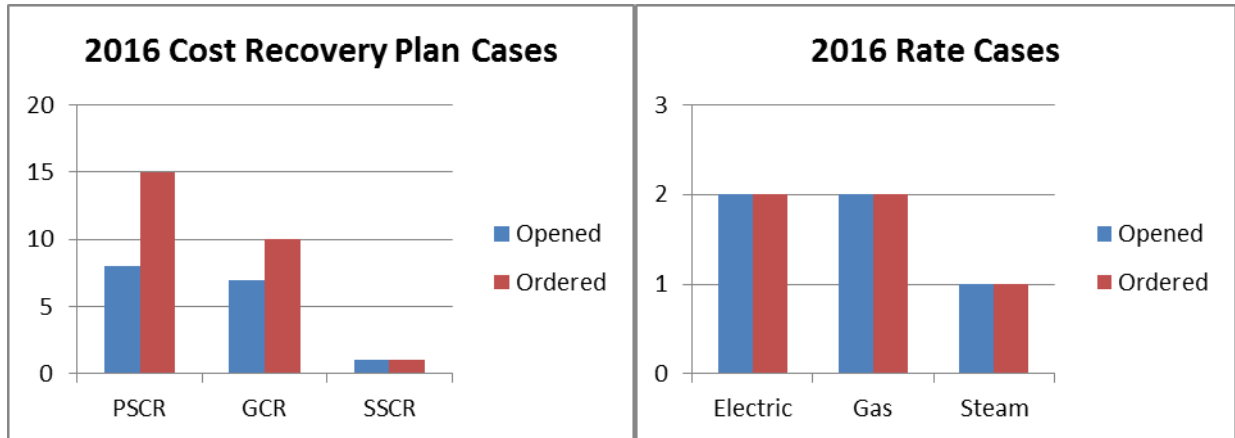
The Gas Operations gas safety engineers inspected all jurisdictional natural gas pipeline operators as required, achieving a total of 725 inspection days. These inspection days included investigation of 14 federally reportable gas safety incidents, including the explosion of DTE Gas Company's pipeline facilities in Melvindale, Michigan, and a SEMCO gas facility rupture in L'Anse in Michigan's Upper Peninsula, both of which were caused by vehicular accidents. The Gas Operations gas safety staff also finalized significant gas safety incident reports and collected civil penalties totaling \$60,000 for non-compliance with the Michigan Gas Safety Standards.

Regulated Energy Division

Through the Regulated Energy Division (RED), the Commission opened eight Power Supply Cost Recovery (PSCR) plan cases, seven Gas Cost Recovery (GCR) plan cases, and one Steam

Supply Cost Recovery (SSCR) plan case (see Figure 3). The Commission issued orders in 14 PSCR plan cases, 8 GCR plan cases, and one SSCR plan case during 2016.

Figure 3: Regulated Energy Division - Case type and Outcome

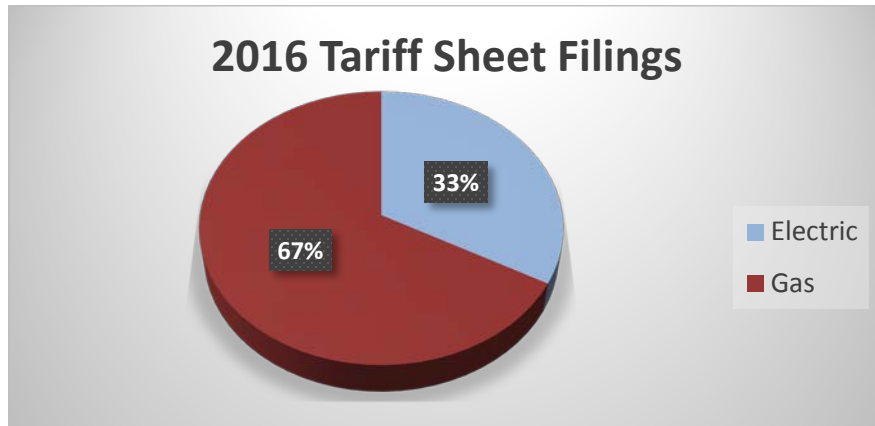


The Division worked in conjunction with the Financial Analysis & Audit Division on three electric rate cases, two natural gas rate cases, and one steam rate case. In particular, the Act 304 & Sales Forecasting section is responsible for reviewing utility sales forecasts, power plant production capital expenditures and operation and maintenance expenses, the cost of gas, and the cost of gas in underground storage; the Rates and Tariffs Section is responsible for certain expenses, revenues, rate design, cost of service studies, and tariff changes.

In addition to rate cases, this Division provided assistance in an electric utility depreciation case, one multi-state combined electric and natural gas utility depreciation case, one natural gas utility depreciation case, and a depreciation case for the Ludington Pumped Storage facility. Three of the four cases are pending. The last rate-regulated electric cooperative was granted approval to become member-regulated in accordance with PA 167 of 2008, MCL 460.31et seq., the Electric Cooperative Member-Regulation Act.

In 2016, the Regulated Energy Division processed 376 electric and 184 natural gas tariff sheet filings (see Figure 4).

Figure 4: Tariff Sheet Filings by Utility Type



Telecommunications Division

Through the Telecommunications Division, the Commission granted licenses, or approved amendments to existing licenses, for 5 telephone companies. The Commission also commenced a formal proceeding in December 2015 with final disposition in April 2016, to revoke the licenses and amendments to existing licenses of 14 competitive local exchange carriers that were not in compliance with the requirements of the Michigan Telecommunications Act. There were also 12 license surrenders. At the end of 2016, a total of 425 companies were registered as intrastate telecommunications service providers in the state. This number has increased over the past year, showing that the telecommunications companies continue to offer services in Michigan and complete the self-registration process annually.

Metropolitan Extension Rights-Of Way (METRO) tax credits for 69 providers were approved in 2016, and the Division processed 93 METRO/Rights-of-Way notices of permit applications from municipalities. In addition, the Commission completed three telecom rulemaking proceedings in 2016. Those rulemakings continue existing provider-to-provider rules for unbundled network elements and interconnection, as well as customer migration from one provider of basic local exchange service to another provider. The Commission also addressed changes in the multi-line telephone systems rules as a result of amendment to Section 405 of the Emergency 9-1-1 Service Enabling Act, which extended the deadline for compliance of the rules to December 31, 2019.

The Division continues to monitor and participate when needed in ongoing proceedings at the federal level, including those relevant to the transition to Internet Protocol (IP) networks, and

their potential impact on the citizens of Michigan. The Commission also approved an application in December 2016 to designate the abbreviated number 2-1-1 for St. Clair County. With this approval, 2-1-1 is now available throughout Michigan.

In 2016, there were a total of 60 wireline and wireless providers re-certified as Eligible Telecommunications Carriers (ETC) in Michigan. In addition, four providers relinquished their ETC designations. Also, the FCC issued its 2016 Lifeline Modernization Order which brought significant changes to the Lifeline program that took effect on December 2, 2016. The MPSC was successful in obtaining a waiver from the FCC until December 31, 2017 to allow time for Michigan to align its eligibility criteria with the FCC's Lifeline eligibility rules and update its eligibility database. The Commission issued two Show Cause orders in 2015 related to the Telecommunications Relay Service transition with one case being successfully resolved in 2015, while the other case was successfully resolved in 2016.

The Division also was in charge of the video franchise duties (pursuant to 2006 PA 480) and handled 393 video/cable complaints and inquiries during 2016. The Division continues to handle the daily administration of the Intrastate Switched Toll Access Restructuring Mechanism, taking in monthly contributions from 254 providers and disbursing \$15,792,168.54 to 35 eligible carriers in the fiscal year. The Division also continued its work with Connect Michigan to expand broadband availability, adoption, and use throughout Michigan. Additional information about the project is available on the Commission website at www.michigan.gov/broadbandmapping.

MAHS Administrative Law Judges

During 2016, MAHS Administrative Law Judges (ALJs) assigned to Commission proceedings conducted 183 days of hearings and transmitted 109 cases to the Commission, and issued 16 proposals for decision (PFDs). Among the cases handled, the ALJs issued PFDs in four major rate cases, including the Upper Peninsula Power Company, DTE Electric Company, and Consumers Energy Company electric rate applications and the DTE Gas Company gas rate application. Two additional rate cases, Consumers Energy's gas rate application and Northern States Power Company's electric rate application, remained pending at the end of the year.

In addition, the ALJs handled various phases of 28 complaint cases, including complaint cases brought by residential and industrial customers, independent power producers, and a natural gas processing company. The ALJs also handled several cases initiated by the MPSC to address avoided cost calculations under the federal Public Utility Regulatory Policies Act of 1978.

Media and Public Information

The MPSC utilizes a MAE staff member to provide media and public information services. Through this staff member, the Commission issued 24 press releases covering 96 Commission orders and 11 news releases related to Commission programs and activities. In addition, the Commission provided information and assistance to over 340 media contacts.

For more information about Commission activities, please visit the Commission's website at <http://www.michigan.gov/mpsc>.