



March 6, 2023

ANNUAL REPORT 2022

Dan Scripps, Chair

Tremaine Phillips, Commissioner | Katherine Peretick, Commissioner

Contents

3	Executive Summary
---	-------------------

4	SECTION 1 ABOUT THE MPSC
----------	-----------------------------------

4	Who we are
5	Commission Members
6	Core Values
7	Organizational Structure
8	MPSC Impact on Michiganders
9	Partnerships

10	SECTION 2 PUBLIC ENGAGEMENT & OUTREACH
-----------	---

10	Social Media
10	Newsletter
11	Press Releases
11	Meetings
12	Websites
12	Tribal Engagement
10	Press Releases

13	SECTION 3 COMMISSION INITIATIVES
-----------	---

13	MPSC Strategic Plan
14	MI Power Grid
17	Low Income Customer Initiatives

19	SECTION 4 ACTIVITIES & ACCOMPLISHMENTS
-----------	---

19	Public Safety
24	Consumer Protection and Customer Assistance
27	Electric Distribution Reliability
29	Just and Reasonable Rates
39	Infrastructure
45	Telecommunications Planning

47	Conclusion
----	------------

48	SECTION 5 ON BILL FINANCING REPORT
-----------	---

Executive Summary

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

The MPSC spent 2022 maintaining Michiganders' access to safe, reliable and affordable energy and telecommunications services. Keeping reliability matters and public safety at the top of its agenda, the MPSC focused on streamlining the energy and telecommunications assistance process and developing resources to help educate Michiganders on obtaining assistance, with the launch of a new Facebook page and two new webpages: Michigan.gov/MPSC/GetHelp and the [Utility Program Portal](#).

The Commission completed multiple rate cases and other proceedings; issued 513 orders and minute actions; held several public hearings, meetings, stakeholder forums, and resource fairs; and managed over 32,000 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.

Other highlights include participating in many taskforces throughout state government as well as a Grid-Modernization initiative; addressing diversity, equity and inclusion efforts; engaging Michigan's tribal communities; progressing another year of MI Power Grid work; offering energy and telecommunications assistance and utility service shut-off protections as well as facilitating broadband expansion; inspecting Michigan's natural gas pipeline infrastructure; updating cybersecurity and risk plans; improving energy security planning and resilience in Michigan; approving cost studies related to transitioning to Internet Protocol Next Generation 911; addressing safety and reliability challenges in the wake of weather-related storm outages, improving the utility distribution planning process within rate cases; approving electric vehicle pilot programs; approving updated cost rates for utilities; soliciting feedback and reviewing rules governing infrastructure programs; conducting a renewable natural gas study; updating Integrated Resource Planning requirements; and making determinations in the state reliability mechanism charges and capacity demonstration requirements.

At the end of 2022, the Commission made several organizational changes to better align its structure with the energy and telecommunications industries we regulate.

SECTION ONE



ABOUT THE MPSC

Who We Are

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

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

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



Commission Members



[Dan Scripps](#) was appointed by Governor Whitmer on February 21, 2019 to a term ending July 2, 2023. He was designated as Chair in July 2020. He has been active on the Upper Peninsula Energy Task Force, the Michigan Dam Safety Task Force, and the Michigan Council on Climate Solutions. As a member of NARUC, he serves on its Committees on Critical Infrastructure, Gas, and International Relations, as well as the Washington Action Program. He also serves on the FERC-NARUC Joint Federal-State Task Force on Electric Transmission and NARUC's Task Force on Emergency Preparedness, Recovery, and Resiliency. In addition, he is president of both the Organization of MISO States and the Mid-America Regulatory Conference.



[Tremaine Phillips](#) was appointed by Governor Whitmer on September 9, 2019 to a term ending July 2, 2025. He has been active on the Michigan Poverty Task Force, the Michigan Council on Future Mobility and Electrification, the Michigan Environmental Justice Response Team, and the Connecting Michigan Task Force. As a member of NARUC, he serves on the Electric Vehicles State Working Group, the Committee on Critical Infrastructure, as chair of the Committee on Telecommunications, and on the NARUC Broadband Expansion Task Force. He also serves on the Advisory Council to the World Research Institute's Electric School Bus Initiative and on the board of directors of the Organization of PJM States.



[Katherine Peretick](#) was appointed by Governor Whitmer on January 4, 2021 to fill a vacant term, and was reappointed on July 3, 2021 to a term ending July 2, 2027. As a member of NARUC, she serves on the Committee on Electricity, the Subcommittee on Nuclear Issues-Waste Disposal, and is a member of the DOE-NARUC Nuclear Energy Partnership. In August 2022, she became chair of the NARUC Electric Vehicles State Working Group. She also serves on the Electric Power Research Institute (EPRI) Advisory Council.

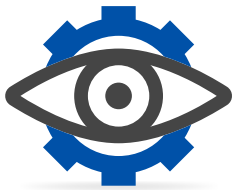
Core Values

The MPSC's mission statement is at the heart of the organization's work. It informs goals, decisions, and initiatives in serving Michigan residents.



Mission

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



Vision

We will be a best-in-class commission by:

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

Key Goals

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

Strategic Initiatives

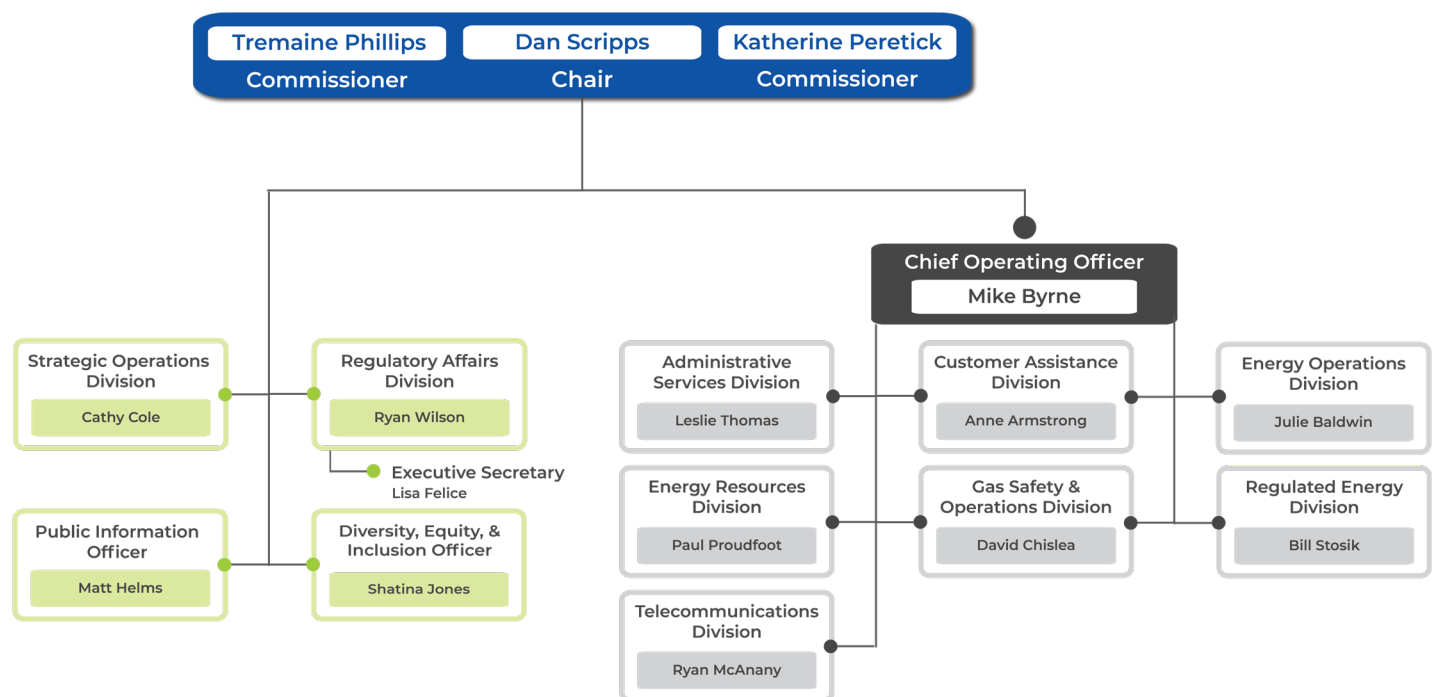
- MI Power Grid
- Diversity, Equity, and Inclusion (DEI)
- Implementation of recommendations contained in the 2019 Statewide Energy Assessment
- Energy Waste Reduction Low-Income and Energy Affordability and Accessibility Collaborative
- Preparedness for extreme weather events

Organizational Structure

At the end of 2022, the Commission made several organizational changes to better align the structure of the Commission with many of the changes taking place in the energy and telecommunications industries we regulate.

A historic energy transition is underway, shifting from traditional methods of producing and delivering energy to a more distributed, customer-focused future, with an emphasis on confronting the impacts of a changing climate. The work done through MI Power Grid and other initiatives has helped to identify emerging areas of focus, including refining forecasting methodologies in anticipation of integrating more distributed resources and electric vehicles onto the distribution grid, increased interest in customer- and system-level data accessibility, continued refinement of distribution system planning efforts, and the increased importance of carbon mitigation strategies. In addition, the work of the Telecommunications Division continues to evolve, especially with the expiration of the Access Restructuring Mechanism in 2021, while at the same time taking on more responsibilities related to facilitating historic levels of funding for broadband buildout and accessibility. View the [press release](#) for more details.

Below is the organizational structure of the MPSC, including division directors, at the end of 2022.



MPSC Impact on Michiganders

The Affordable Connectivity Program provided internet service assistance to

534,440

Michigan households.



The Michigan Energy Assistance Program awarded

\$55

million in grants,
which provided for



56,050

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



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

400

miles of gas
distribution pipelines



&

27,000

gas meters
inside homes.



The MPSC assisted

11,270

customers with energy &
telecommunications issues.



The MPSC launched the Get Help and the Utility Program Portal



webpages to assist
customers.

MI Utilities spent around

\$498

million on Energy
Waste Reduction
programs



resulting in around

\$1.44

billion in savings for
all Michigan residents
and businesses.

Partnerships

State of Michigan Departments		
Michigan Department of Environment, Great Lakes, & Energy	<ul style="list-style-type: none"> ▪ Integrated Resource Plan advisory opinions ▪ Interagency Environmental Justice Task Force ▪ MI Healthy Climate Plan ▪ Michigan Dam Safety Task Force 	<ul style="list-style-type: none"> ▪ Propane Energy Security Workgroup ▪ UP Energy Task Force ▪ Michigan Council on Climate Solutions
Michigan Department of Health & Human Services	<ul style="list-style-type: none"> ▪ Michigan COVID-19 Racial Disparities Task Force ▪ 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"> ▪ Audio-visual upgrades ▪ Connecting Michigan Communities Grant Program 	<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ State Critical Infrastructure Stakeholder Group ▪ State 9-1-1 Committee
Michigan State Housing Development Authority	<ul style="list-style-type: none"> ▪ COVID-19 Emergency Rental Assistance Program 	<ul style="list-style-type: none"> ▪ Homeowner Assistance Program (utility portions)
Other State and National Organizations		
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 	<ul style="list-style-type: none"> ▪ 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 	

SECTION TWO







PUBLIC ENGAGEMENT & OUTREACH

Social Media

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

One key communication channel the MPSC leveraged throughout 2022 was social media. With a focus on increasing and expanding its on-line presence to meet residents where they are, engaging in customer education through social media continues to carry over from year to year.

	Total Followers	Increase in Followers	Launched in
	321	321	2022
	864	275	2019
	2,906	234	2018
	238	80	2018

Newsletter

The Commission continued to issue the [MPSC Spotlight](#), a monthly, external newsletter designed to help increase transparency and inform the public on current MPSC news, meetings, reminders, decisions on Commission orders, and other energy and telecommunications issues affecting Michigan residents. At the end of 2022, the Spotlight was being sent to 1,208 recipients.

Press Releases

In 2022, the Commission:

- Issued 20 news releases covering 125 Commission orders at its meetings.
- Issued 33 news releases relating to other MPSC programs, activities, and initiatives.
- Provided information and assistance through 205 media contacts.

Meetings

The Commission facilitated dozens of public hearings, meetings, and stakeholder forums in addition to its regular Commission meetings.

In 2022, the Commission held 21 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 utilizing the Microsoft Live stream option. Utilizing this hybrid approach, the Commission averaged 130 attendees at its regular meetings. While most meetings were conducted from the Commission's offices in Lansing, the Commission held its July 27, 2022, meeting in Detroit which encouraged significant in person participation (80 people attended the meeting in person). The Commission continues to make recordings of all its regular meetings available on its [Youtube page](#).

The Commission also held six public hearings seeking comment from the public in three Integrated Resource Plan (IRP) cases (UMERC, I&M, and DTE), the IRP filing Parameters as required by [MCL 460.6t\(1\)](#), and the DTE Electric Rate case.

Finally, inspired by work in the Energy Affordability and Accessibility Collaborative's Outreach and Education subcommittee, the Commission hosted five Energy Assistance Resource Fairs and Listening Sessions across the state visiting Gaylord, Benton Harbor, Marquette, Grand Rapids, and Melvindale. During these events, residents had the opportunity to meet with Commission Staff as well as statewide and local assistance agencies to learn about, and apply for, available energy assistance programs. More than 80 Michigan residents received help as a direct result of these events. During the listening sessions, residents had the opportunity to share with Commission Staff issues related to energy affordability and access to energy assistance. The perspectives shared during these listening sessions will help to inform the work of the Commission and Staff on issues of energy affordability.

Websites

New Webpages Launched

The Commission launched two new webpages in 2022 designed to help customers easily access information of interest. The Michigan.gov/MPSC/GetHelp page provides information on utility shut off protections and available energy assistance while the [Utility Program Portal](#) serves as a “one stop shop” for customers to find information on some of the most popular utility programs.

Compare MI Gas

The MPSC’s natural gas price comparison website - Michigan.gov/CompareMIGas - continues to be a valuable resource for customers choosing an alternative gas supplier (AGS). The website includes the prices currently charged by all AGSs actively marketing or enrolling customers in Michigan and the basic terms and conditions of their offers. As of December 2022, there were 296,096 customers statewide participating in the [Gas Customer Choice Program](#).



The Commission also continues to maintain its [Gas Customer Choice](#) page featuring an interactive chart which tracks program participation and annualized gas sales by each utility over time.

Tribal Engagement

The Commission continued its engagement with Michigan’s 12 Federally recognized Tribes. As part of these efforts, Commission Staff held one Tribal Consultation meeting with interested Tribes on the reopened record in [MPSC Case No. U-20763](#), Enbridge Energy’s application to replace a segment of the company’s Line 5 pipeline beneath the Straits of Mackinac. Staff also offered the opportunity for consultation on two additional cases, [U-21292](#) and [U-21335](#). A consultation was requested in U-21335 which is expected to occur in early 2023.

SECTION THREE



COMMISSION INITIATIVES

MPSC Strategic Plan

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

Diversity, Equity, & Inclusion

The Commission continued its commitment to addressing matters of diversity, equity, and inclusion (DEI) through Staff-wide activities and among contractors and suppliers.

Staff participated in several trainings throughout the year. This included Implicit Bias Training, facilitated by the Department of Civil Rights. This session included defining implicit bias to explore its roots and impact, reviewing the importance of developing a common language around DEI topics, increasing Staff's capacity to think systemically, understanding culture as a perception shaper, and revising strategies to mitigate implicit bias and its impact. Staff also participated in a Self-Awareness Multicultural Training, facilitated by the MSU Extension Office, where participants explored ways in which to view interactions with people different from themselves.

Staff-led workgroups engaged in several activities through the year and achieved several notable outcomes associated with the MPSC Strategic Plan.

- The Hiring and Retention Committee assisted with the development of a hiring process that removes personally identifiable information from job applications to mitigate bias.
- The Policy and Regulatory Committee examined the MPSC's role in addressing the impact of systemic racism and other forms of discrimination on energy and telecommunications infrastructure, investments, services, and in addressing the needs of impacted customers and communities.

In addition, Staff members had the opportunity to participate in the Research and Methodology Committee, which provided educational opportunities through discussions on shared readings focusing on various topics of race, discrimination, and feminism.

Finally, Staff participated in external statewide activities, as well as LARA activities and Employee Resource Groups through coordinated [DEI event programming](#) that discussed inequities and supported current issues and highlighted achievements within diverse communities.



2022 marked the one-year anniversary of instituting the Commission's DEI Officer position. Among other activities, the DEI Officer attended the 15th annual Historically Black Colleges and Universities career fair designed to inform and educate top undergraduate students about how to achieve success in corporate America.

MI Power Grid

Launched in October of 2019 in Case No. [U-20645](#), the MI Power Grid initiative is a multi-year stakeholder initiative sponsored by Governor Gretchen Whitmer and the MPSC to maximize the benefits of the transition to clean, distributed energy resources (DERs) for Michigan residents and businesses. The initiative focuses on three primary work areas: customer engagement, the integration of emerging technologies, and optimizing grid investments and performance, with each work area being headed by one of the three MPSC Commissioners.

A [one-year status report](#) was filed on October 15, 2020, and a [two-year status report](#) was filed on September 30, 2021. On September 8, 2022, the Commission issued an [order](#) extending the date of the final report to April 3, 2023.

MI Power Grid year three achievements include:

- ☑ As [ordered](#) by the Commission in Case No. U-20959 on January 20, 2022, the [Customer Education and Participation](#) workgroup provided a [final report](#) summarizing the efforts of the workgroup, providing recommendations for the Commission's consideration, and identifying potential next steps.

- ☑ On March 3, 2022, the Commission issued an [order](#) in Case No. [U-20633](#) directing Staff to consider the comments and presentations pertaining to climate change, as filed in Case No. [U-21122](#), as part of the ongoing stakeholder proceedings in the MI Power Grid initiative in Case No. [U-20633](#). Staff were directed to develop a webpage within the Commission's existing website dedicated to distribution system reliability, customer outages, and storm response, to be completed in early 2023. Staff were also directed to work with utilities to develop a template for the filing of additional information pertaining to distribution reliability, outages, and storm response.
- ☑ On July 7, 2022, the Commission published an [order](#) in Case No. [U-21251](#) to initiate the [Distribution System Data Access](#) workgroup. Customer-owned distributed generation systems and electric vehicles (EVs) will be staples of a decarbonized Michigan economy. In keeping with the emission reduction and vehicle electrification goals laid out in the MI Healthy Climate Plan, the Distribution System Data Access workgroup will collaborate with stakeholders and utilities to create a grid integration study to improve readiness of distribution systems for the expansion of distributed generation and electric vehicles as requested in [Michigan Senate Resolution 143](#). A subsequent December 21 [order](#) in Case No. U-21251 extended the final deadline for the grid integration study until June 30, 2023.
- ☑ On July 27, 2022, the Commission issued an [order](#) in Case No. [U-20898](#), which made several decisions regarding the [New Technologies and Business Models](#) workgroup recommendations, including:
 - » Directing all investor-owned utilities to file proposed Michigan-specific uniform benefit-cost analysis requirements, a proposed societal cost test that could be used in multiple types of dockets, such as pilot proposals, distribution planning, and rate cases. The analyses must be filed no later than February 1, 2023.
 - » Requesting written comments on Staff's proposed Expedited Pilot Review for Innovative Pilots process.
 - » Adopting Staff's recommendation to establish a comment proceeding and seek comments on questions addressing the development of alternative business models.
- ☑ On October 5, 2022, the Commission issued an [order](#) in Case No. [U-20890](#) approving the MPSC Interconnection and Distributed Generation Standards (MIXDG ruleset) and providing for their submission to the Legislative Service Bureau and the Michigan Office of Administrative Hearings and Rules for their formal approvals thereby rescinding legacy net metering. At the end of 2022, the MIXDG ruleset was pending before the Joint Committee on Administrative Rules (JCAR).

- ☑ On June 30, 2022, Staff filed its final draft of the updated IRP Filing Requirements in Case No. [U-18461](#) and the final draft of the updated Michigan Integrated Resource Planning Parameters in Case No. [U-21219](#). The Commission subsequently requested comments from interested persons on either the draft filing requirements or draft planning parameters. On October 27, 2022, the Commission approved the IRP Filing Requirements and adopted the final Michigan Integrated Resource Planning Parameters and required electric utilities whose rates are regulated by the Commission to model the adopted scenarios and sensitivities as part of their respective IRP filings.

MI Power Grid activities are almost complete with a final report expected in 2023.

Grid Modernization | Technical Assistance Grants

In December of 2021, the U.S. Department of Energy selected the MPSC as part of a cohort of 21 public utility commissions to participate in the Grid Modernization Initiative State Technical Assistance to Public Utility Commission program. This program connects the MPSC with experts from the National Renewable Energy Laboratory (NREL) and Argonne National Laboratory (ANL).

The MPSC is utilizing this research partnership to conduct two projects:

1. A DER Adoption & Grid Integration Hosting Capacity Study led by Commissioner Tremaine Phillips with technical assistance led by NREL's Michael Ingram.
2. A Comprehensive System Grid Planning Energy Storage study led by Commissioner Katherine Peretick with technical assistance led by Argonne's Patrick Balducci.



The Grid Intergration technical assistance project explored how Michigan's electric utilities can adopt new technologies, processes, and planning strategies to better prepare the distribution system for the intergration of DERs and EVs. This assistance also included discussions with utilities, stakeholders, and Commission Staff on improvements, best practices, and use cases for utility-provided hosting capacity maps. A July 7, 2022 [order](#) initiated this technical assistance project as part of the newly established Distribution System Data Access Workgroup.

The Comprehensive System Grid Planning technical assistance project focused on the valuation of energy storage on the Michigan electric grid in the form of an extensive literature review and multiple training sessions led by ANL for MPSC Staff. The insights from this technical assistance project will continue to inform grid planning considerations, including the recently revised IRP Filing Requirements and Planning Parameters in Case Nos. U-18461 and U-21219, respectively.

These technical assistance projects support the MPSC's efforts to promote a greener grid that is reliable, safe, and economically feasible.

Low Income Customer Initiatives

EAAC and LIEP

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 leadership. In response to this directive, the Low-Income Energy Policy Board (LIEP Board) was established and kicked off on April 29, 2022. The LIEP Board is centered on stakeholder leaders of the EWR-LI 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.

Building on the work of EAAC and EWR-LI subcommittees, including a new Data Analysis and Regulatory Review subcommittee, the LIEP Board hosted a working retreat on September 26, 2022, where board members established goals based on the work of the subcommittees and intensified the cross-pollination of policy. The retreat was followed by a Low-Income Energy Policy Summit on November 3, 2022. The Summit was attended by a diverse group of approximately 80 stakeholders who developed actionable strategies for each of the LIEP Board's three policy pillars: Customer Centered Engagement & Coordination, Affordability & Protection, and Low-Income Energy Waste Reduction.

The Collaborative will report to the Commission in March 2023 with recommendations on short and long-term strategies for moving toward the goal of reducing the number of customers with unsustainable energy burdens. The Collaborative is also fulfilling Commission directives related to equity and customer-focused metrics from various orders. With analysis and recommendations from these subcommittees to elevate the customer voice in the MPSC's collaborative processes, the Definitions Subcommittee in conjunction with the Outreach and Education Subcommittee hosted customer listening sessions in Gaylord, Benton Harbor, Marquette, Grand Rapids, and Melvindale.

EWR Low Income Workgroup

The spring of 2022 saw the 4th anniversary of the EWR-LI Workgroup which continued its significant stakeholder engagement efforts including expanding participation to more stakeholder groups than ever before. The workgroup has grown from approximately 60 participants in the spring of 2018 to well over 400 individual stakeholders at the end of 2022. The workgroup has continued its well-established role of being a nexus of interconnecting stakeholders, ideas, and programming. In 2022, the Health and Safety subcommittee continued its work, and a new Workforce Development subcommittee was established.

The EWR-LI Workgroup continued to cover a variety of subjects at its meetings and to demonstrate that energy efficiency is not limited to a small and select playing field, but in fact touches, and engages with, all aspects of the daily lives of the citizens of Michigan. EWR work, which includes new and future initiatives that will involve carbon reduction and climate change mitigation, continues. The EWR-LI Workgroup coordinated with the LIEP Board to provide updates and share achievements of the workgroup and its subcommittees. Utility energy efficiency low-income program spend has increased steadily over recent years, and currently exceeds \$68 million dollars annually.



SECTION FOUR



ACTIVITIES & ACCOMPLISHMENTS

During 2022, the MPSC continued its critical role in the regulation of the electric, natural gas, and telecommunications industries. The Commission handled hundreds of cases involving rate and policy determinations which included processing 7,211 filings, receiving approximately 24,000 public comments, and approving and issuing 513 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 2022, the MPSC team:

- ☑ Conducted **1,115** inspection days¹ including a significant focus on inspections for facility locating timeliness to prevent excavation damage and completion of inspections in accordance with Section 114 of the 2020 Protecting Our Infrastructure of Pipelines and Enhancing Safety Act to minimize natural gas emissions.
- ☑ Conducted **77** 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, DTE Gas Company, Great Lakes Gas Transmission, Northern Natural Gas Company, Panhandle Eastern Pipe Line, Vector Pipeline, L.P, NEXUS Gas Transmission, and Rover Pipeline. This inspection activity included both scheduled inspections as well as emergent investigations related to pipeline incidents.

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

- ✓ Authorized and monitored the replacement of over **400** miles of gas distribution pipelines made of cast iron, bare steel, or other at-risk materials and approximately 27,000 meters inside homes through accelerated infrastructure replacement programs of Michigan gas utilities (DTE Gas, Consumers Energy, SEMCO, Northern States Power of Wisconsin, and Michigan Gas Utilities).
- ✓ Identified **184** violations of the Michigan Gas Safety Standards and levied \$210,000 in civil penalties.
- ✓ Investigated **16** natural gas incidents involving any of the following: fatality, injury, property damage of \$122,000 or more, and/or unintentional gas loss of three million cubic feet or more.

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 second year in 2022 and is conducted jointly with the EGLE's Oil, Gas, and Minerals Division through delegation of the MPSC's authority under Public Act 165 of 1969.

Through this MPSC/EGLE partnership, five intrastate underground natural gas storage operators' storage programs were inspected in 2022. Additionally, inspections were conducted covering records and field observations of five storage fields, construction activity for six storage fields, and tabletop emergency exercise observation for two storage operators. Underground storage inspection activity in 2022 identified five violations of the Michigan Gas Safety Standards.

Energy Appraisals

Each year the MPSC issues two Michigan Energy Appraisal Outlooks, one for the summer and one for the winter seasons. These reports provide a short-term view of expectations for energy supply and demand. A key finding in the [Summer Energy Appraisal](#) was anticipated increases in demand for motor vehicle fuels, electricity and natural gas, even as prices for all three commodities were on the rise. National and global uncertainty persisted in putting pressure on energy supply and pricing. Michigan drivers saw higher prices for gasoline and diesel to continue amid increases in demand for both automotive fuels. Demand for electricity was on the rise in the industrial sector but declined among commercial and residential customers. Natural gas demand was expected to grow significantly across all sectors.

Amid energy market volatility, the [Winter Energy Appraisal](#) projected higher prices and an increase in demand across energy sectors, with exception of residential electricity demand staying essentially flat.

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 adopted and the MPSC is responsible for its statewide administration and enforcement.

The MPSC's responsibility under the act includes:

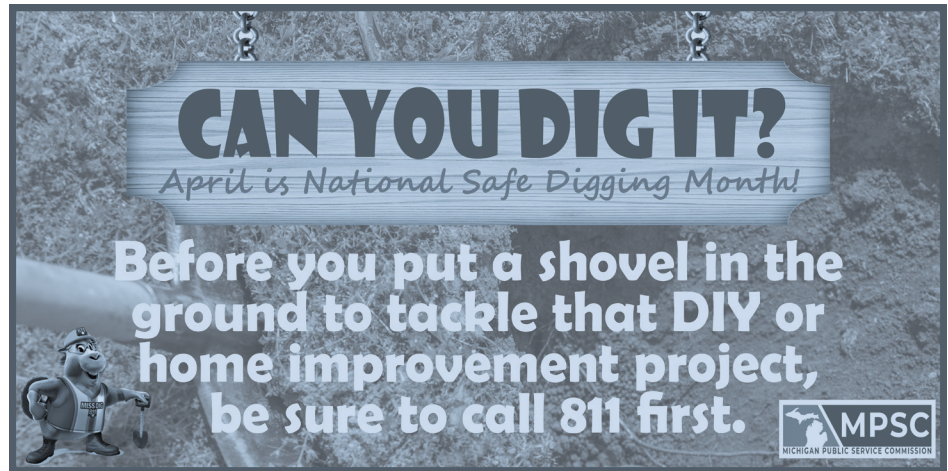
- Investigating facility damages and complaints involving potential violations of the Act.
- Maintaining information on damaged facilities.
- Making damage data publicly available.



Public Act 174 provides civil and criminal penalties for violation, including a general civil enforcement process and a specific enforcement process for local governments, which are also administered by the MPSC. In 2022, there were 28 gas pipeline incidents involving excavation damage reported to the MPSC under PA 165. The investigation of these types of incidents resulted in a total of eight enforcement actions and \$37,000 in civil penalties assessed against excavators and pipeline facility operators. The MPSC also received a total of 55 complaints under PA 174, which resulted in a total of five enforcement actions and \$16,500 in civil penalties assessed against parties involved in excavation of underground facility operations². Additionally, the MPSC conducted proactive inspections of excavation activity and damage notifications which resulted in a total of 30 enforcement actions, and \$497,000 in civil penalties assessed against parties involved in excavation.

²The MPSC receives notice of potential violations of the Underground Damage Prevention and Safety Act (Public Act 174) in three main ways and initiates investigations as appropriate. First, the MPSC requires information related to incidents of excavation damage to be submitted directly by the underground facility owner or operator on a quarterly basis and these filings may lead to an investigation. Second, if an excavator is involved in an incident reported under the Gas Safety Standards (Public Act 165), the MPSC will investigate the excavator to determine whether there are any violations of Public Act 174 while also investigating the pipeline operator for violations of Public Act 165. Finally, complaints of potential violations may be initiated by property owners, excavators, utility operators, or other affected parties for both damages to underground facilities and events not involving damage such as near misses because of excavation or blasting.

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



Cybersecurity

Under the Commission’s Technical Standards for Electric Service, regulated utilities are required to meet annually with MPSC Staff to provide an update regarding their cyber security plans and risk planning. This requirement was extended to jurisdictional gas utilities in 2020 under the updated Technical Standards for Gas Service. Twenty-two utilities are subject to the annual meeting requirement contained in MPSC rules. In mid-2022, the MPSC was awarded a Federal Energy Security Technical Assistance Grant which will be used to facilitate the participation of an outside cybersecurity consultant in these meetings. Meetings are ongoing into the first half of 2023 in order to facilitate the participation of many of these utilities in this technical assistance program. The Energy Security Technical Assistance program will enhance our understanding of best practices and technologies related to both cyber and physical security and will help us to better evaluate the security posture of regulated electric and natural gas utilities in Michigan.

In December 2020, Commission Staff submitted a [report on the Technical Standards for Electric Service](#) to the Commission as part of the MI Power Grid initiative detailing recommended changes to the Technical Standards for Electric Service in order to better improve the security of the electric system. The Commission [initiated](#) the formal rulemaking process to update the rule set in November 2021, and a public hearing, which provided for both in-person as well as virtual participation, was held on December 9, 2021 to take comments. The rule set was pending before JCAR at the end of 2022.

Petroleum Terminal Resilience Study

In 2022, the MPSC was awarded funding from the U.S Department of Energy that will improve energy security planning and resilience in Michigan. Using these funds, the MPSC, with support from the Michigan State Police as well as a third-party contractor, will undertake a Petroleum Terminal Resilience Study. The study will 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). This study aims to gather and assess information on baseline characteristics of Michigan terminals, such as storage capacity, throughput, and products supplied; threats and vulnerabilities; backup capabilities; and hardening and resilience measures that terminals have put in place to protect their facilities.

The information collected for this study will help Michigan better prepare for and respond to energy emergencies, including long-term power outage events that threaten the operation of critical facilities (hospitals, water treatment plants, etc.), for emergency response vehicles, and other activities. The data collected will also help target grant programs and other funding opportunities to improve Michigan's energy resilience.

Internet Protocol Next Generation 911 Cost Study

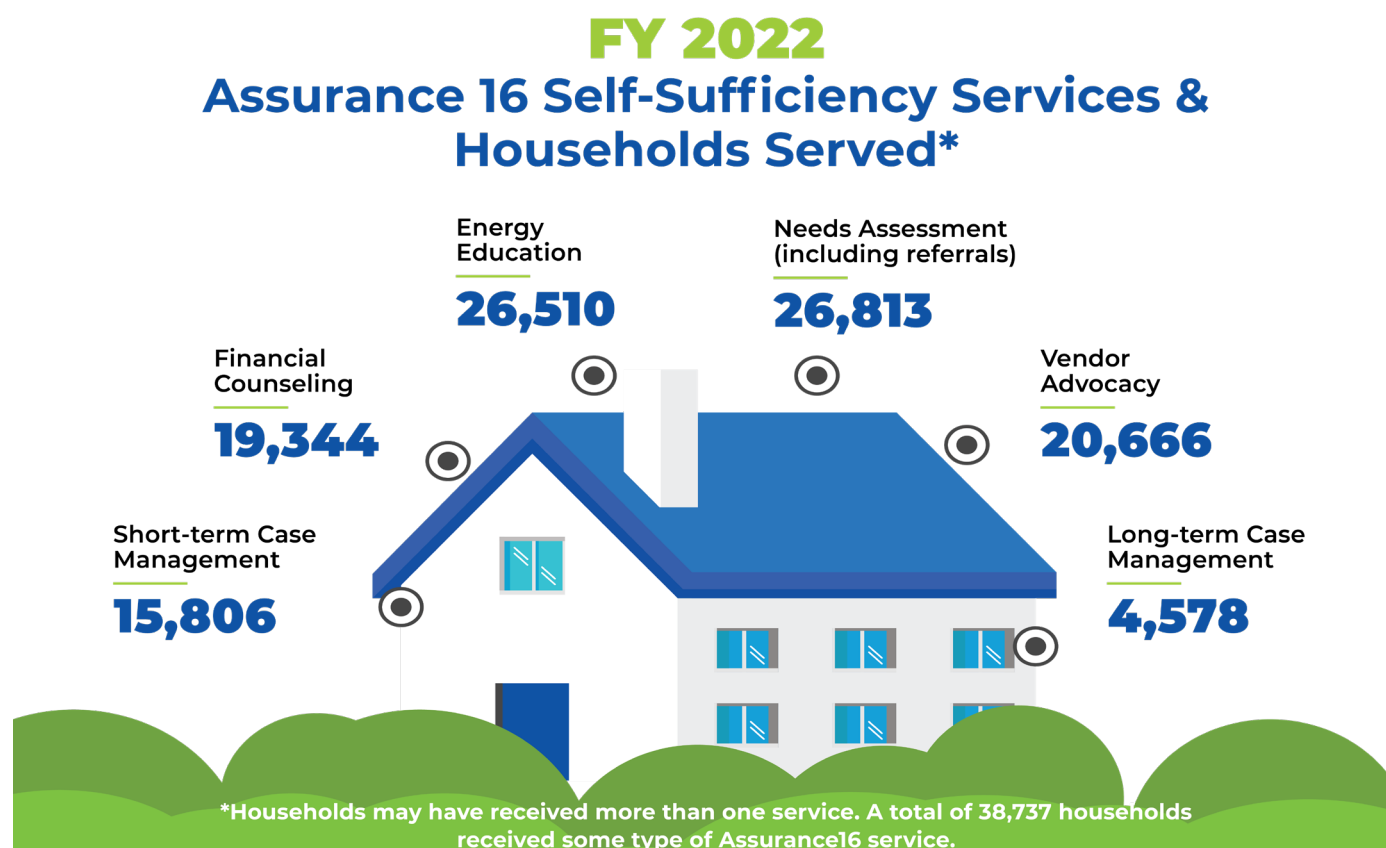
During 2022, Telecommunication Staff dedicated a significant amount of time to processing submissions and conducting detailed financial reviews of the costs incurred by implementation and operation of Internet Protocol (IP) Next Generation (NG) 911 service in Michigan. In total, Staff approved 28 cost studies that were associated with 30 counties or service districts throughout Michigan. Of this number, 13 cost studies were designated as initial (or first-time) submissions that included additional costs related to transitioning to NG 911, while the remaining cost studies were designated as renewals, which are more focused on operational costs of the updated NG 911 network. The approval of these IP-based cost studies before submission of invoices allows the providers to recoup both their costs related to enhancing and modifying the 911 network to meet NG 911 standards and costs related to providing the critical 911 service to public safety centers throughout Michigan. In 2022, the Commission approved invoices totaling approximately \$26.8 million in reimbursement to telecommunications providers of IP-based NG 911 service.

Consumer Protection and Customer Assistance

Michigan Energy Assistance Program Grants

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

The MEAP section focused its efforts in 2022 toward on-going service to customers in need due both to the pandemic and increasing inflationary concerns. Staff continued to coordinate with stakeholders and the MDHHS to implement process improvements that enhanced the program's ability to be more agile in response to customer needs.



Highlights of the 2022 program year include:

- ☑ Commission approval of a 90-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 2022 through August 2023 billing months.
- ☑ Awarded \$54.89 million in grants to nine grantees across the state, which included \$5.8 million in federal LIHEAP Assurance 16 funds, to provide assistance to 56,050 low-income customer households. A total of 47,651 customers received a MEAP payment and 38,737 received federal self-sufficiency services through the federal LIHEAP Assurance 16 funding (some customers received both energy payments and self-sufficiency services).
- ☑ The MEAP Workgroup met monthly utilizing a virtual format with meeting facilitation provided by ICF. The MEAP Workgroup participants included representatives from the MEAP grantees, the utilities that offer MEAP Affordable Payment Plans, and the State of Michigan (MDHHS and the Commission). Meetings offered via the virtual meeting format adopted in 2020 continue to allow the number of participants from each representative organization to increase, resulting in a broader range of recommendations and exchange of ideas.

Lifeline Eligibility for Telecommunications

The Lifeline program provides a discount for phone and/or broadband service for qualifying low-income customers. The Universal Service Administrative Company (USAC) reports that 118,458 Michigan customers are served through a Lifeline program (broadband, voice, or bundled services).

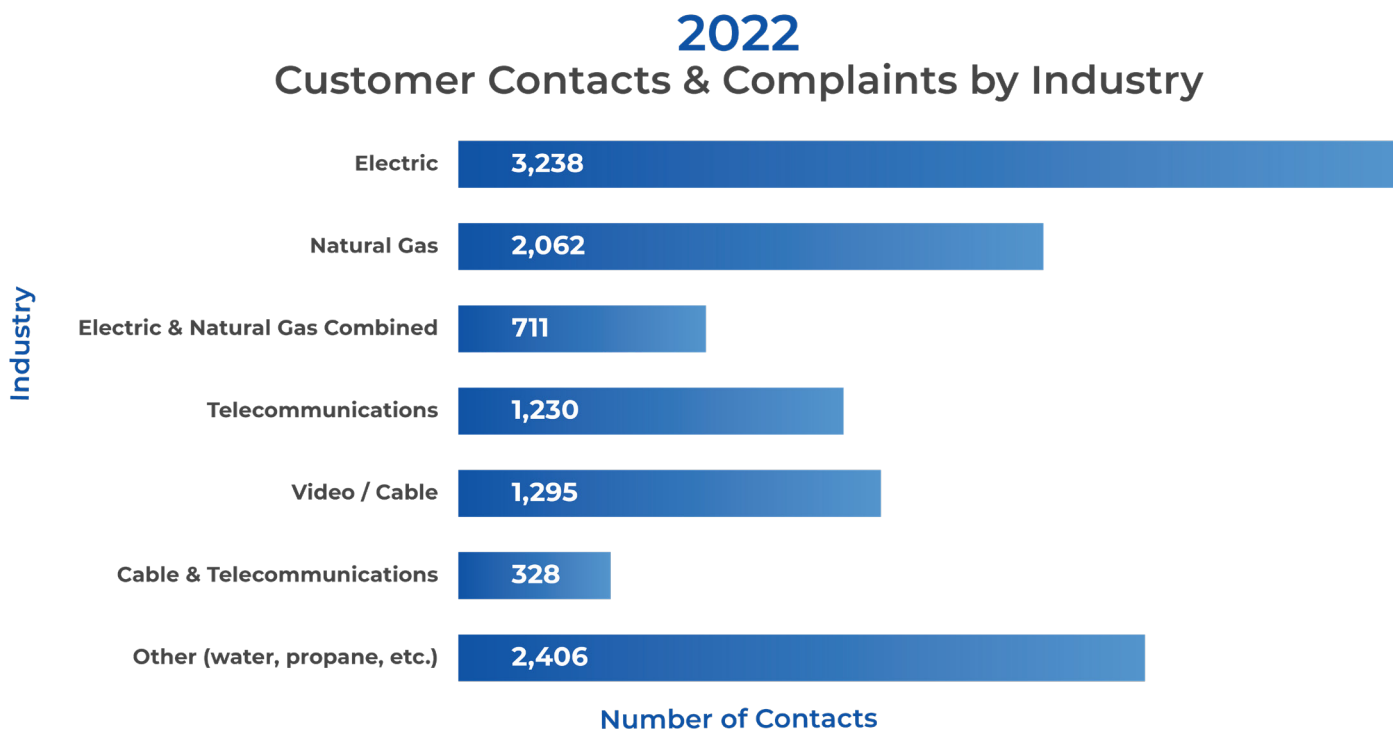
The Michigan Telecommunications Act previously required providers of basic local exchange services in Michigan to participate in the Michigan Lifeline program. However, Public Act 34 of 2020 created an opt out mechanism for these providers, allowing them to stop offering the Michigan Lifeline discount beginning in November of 2022. Providers seeking to opt out of the Michigan program must provide 90 days' written notice to the Commission and to all individuals who receive the Michigan Lifeline benefit. In total, 26 telecommunications providers submitted notice in 2022 opting out of the Michigan Lifeline program. Of these providers, seven ceased providing the Michigan Lifeline discount in 2022, while the remaining 19 providers will stop offering the Michigan Lifeline discount in early 2023. Additional providers could decide to opt out of the Michigan Lifeline program in the future.

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

Customer Support and Complaint Resolution

The MPSC provides direct assistance to Michigan residents and businesses having problems with energy utility, telecommunications, and video/cable television bills or service via its call center, which handles general inquiries and customer complaints. In 2022, a total of 11,270 customers contacted the MPSC with a complaint or inquiry. Common customer complaints and concerns include outages/interruptions, billing, requests for general information, and requests for information regarding energy, telecommunications, and broadband assistance.

Customers who are not satisfied with the results of their informal inquiry or complaint may file a formal complaint for resolution with the MPSC. Formal complaints are coordinated by MPSC Staff and subject to various filing criteria which are readily available on our [website](#). During 2022, Staff received 15 formal complaints related to energy, with five of those meeting the required criteria for adjudication. No formal complaints related to video/cable television were filed in 2022. One formal telecommunications complaint was filed but did not meet the requirements for adjudication.



Electric Distribution Reliability

Commission Response to Storm Outages

During 2022, wide swaths of Michigan experienced severe storms, torrential rains, severe flooding, and high winds, that resulted in significant and sustained power outages across the state. In August, storms with wind speeds exceeding 70 mph left nearly half a million Michiganders without power. In 2022, Michigan electric utilities reported more than 1.1 million customer outages to the MPSC. Slow response times to these outages have also created significant threats to the safety of Michiganders. Tragically, two Michigan children were critically injured, and one child lost their life this year after coming into contact with downed power lines. Similarly, critical injuries and one fatality of an adult occurred in 2022 due to contact with downed power lines. Climate change and the subsequent increase in the prevalence of extreme weather events combined with aging grid infrastructure means that these reliability challenges will only grow more pressing in 2023. The Commission is committed to working proactively to meet these challenges by improving the safety and reliability of the grid. Decisive action by regulators and utilities alike will be crucial to providing customers with the electric service that they deserve.



This year, the Commission continued to make grid reliability and safety a primary focus. In March of 2022, in Case No. [U-21122](#), the Commission directed MPSC Staff to consider the comments and presentations pertaining to climate change as part of the ongoing stakeholder proceedings in the MI Power Grid initiative. MPSC Staff were also directed to develop a webpage within the Commission's existing website dedicated to distribution system reliability, customer outages, and storm response. That webpage is expected to be completed in early 2023. In general, these actions will ensure that customers have access to information about power outage statistics and utility distribution system reliability metrics and that proactive action is being taken to meet the electric reliability challenges of the future.

On October 5, 2022, the Commission took another critical step by [ordering](#) an engineering audit of Consumers Energy's and DTE Electric's electric distribution system and compliance with regulations on outage response and safety in Case No. [U-21305](#). The order directed both companies to provide a detailed description of how downed wires are responded to and an explanation of how facilities are prioritized for power restoration; the telecommunications networks used to communicate system status; details regarding technologies used to monitor and control the grid including ADMS, AMI, and other sensors; and details regarding the company's efforts to educate, perform outreach, and train the public and first responders on safely handling downed wires. On November 4, 2022, both companies responded by filing detailed reports on their electric distribution systems in Case No. U-21305.

The Commission directed the Staff to commence the process of hiring a consultant to perform the engineering audit and review the distribution systems, including all equipment and operations, of Consumers Energy and DTE Electric. At the close of 2022, the process of hiring the third-party consultant was underway.

In 2021, the MPSC received 2,538 customer complaints related to electricity outages, due in part to severe storms that occurred that year. In 2022, a year with fewer and less severe storms, the number of outage related complaints received by the MPSC was significantly lower, as shown in the table below.

Outage Complaints to MPSC 2022

Company	Complaints
DTE Energy	781
Consumers Energy	129
UMERC	5
Other	7
Total	922

Electric Distribution Investment and Maintenance Plans

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

Consumers Energy, DTE, and I&M each filed updated distribution plans in 2021. The Commission sought comments on the updated plans and, in 2022, found current distribution planning approaches insufficient to address pressing matters of reliability of service to customers and found Michigan's distribution system reliability inadequate and current plans for improvements insufficient. In its [order](#), the Commission directed the utilities to develop metrics and to map planned system investments against the metrics to better understand the anticipated improvements in reliability. The Commission also found that more work is needed on benefit-cost analyses to ensure investments are providing enough benefit to customers. In 2022, the Commission called for added transparency of reliability data, requested strategic pilot proposals for moving overhead power lines underground, and asked DTE Electric and Consumers Energy to include comparisons of trade-offs between grid hardening, under-grounding and upgrading, using benefit-cost analysis to determine the most reasonable and prudent path forward in forthcoming distributions plans. DTE Electric, Consumers Energy, and I&M were directed to file their next distribution plans by September 29, 2023, and Alpena Power Company and Northern States Power Company were directed to file their first distribution investment and maintenance plans by September 30, 2024.

Just and 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 2022, the Commission handled seven electric, natural gas, and steam rate cases in various stages of the rate case process throughout the year. Rate cases must be conducted under an expedited 10-month schedule set by statute.

The Commission issued final orders in electric rate cases involving Northern States Power Company (Case No. [U-21097](#)) and DTE Electric (Case No. [U-20836](#)). The Commission issued orders in gas rate cases involving Northern States Power Company (Case No. [U-21226](#)) and Consumers Energy (Case No. [U-21148](#)).

The Commission approved \$203 million in rate increases in 2022, \$669.5 million less than was requested by the utilities. The primary driver for rate case increases has been increased infrastructure investments to improve reliability and address aging

infrastructure. At the close of 2022, electric rate cases were in process for Consumers Energy and Upper Peninsula Power Company and a gas rate case had also been filed by Consumers Energy. Final orders in those cases will be issued in 2023.

New Rate Designs

Rate design is evolving and aims to send the right price signals to customers to impact behavior. In 2022, the Commission approved percentage of income pilot programs, monitored the progress of the implementation of on-peak rates, approved new and revised rates for distributed generation, and approved new and revised electric vehicle charging programs.

Percentage of Income Payment Pilot Programs

Consumers Energy requested approval of a Percentage of Income Payment Pilot in Case No. [U-21021](#) for its gas, electric, and combination customers at or below 150% of the Federal Poverty Level and who are in arrears with the goal of eliminating the past due balances. The pilot is a two-year program that provides up to 1,500 customers with a fixed payment plan equivalent to 6% of the customer's gross income while forgiving 1/24 of the customer's arrears each month that timely payments are made over the two-year pilot. The Commission directed the Company to promote energy waste reduction programming to customers in this pilot, finding that energy waste reduction plays an important role in assisting utility customers in reducing energy consumption thereby reducing their energy burden over the long-term. The Commission approved the pilot to commence on October 1, 2022.

In 2021, the Commission approved a similar program for DTE in Case No. [U-20929](#). DTE's Payment Stability Plan Pilot started in the first quarter of 2022 with the aim of enrolling up to 2,000 customers with incomes at or below 200% of the Federal Poverty Level who are in arrears. DTE's pilot also includes a fixed payment of 6% of the customer's gross income while forgiving 1/24 of the customer's arrears each month that timely payments are made over the two-year pilot.

On-Peak Rates for Electricity

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

DTE Electric piloted its summer peak rates in 2021 testing an opt-in rate as well as an opt-out rate to better understand residential customer preferences and responses. DTE's pilot was previously approved in Case No. [U-20602](#). Full implementation of DTE's summer peak rates, recently approved by the Commission in Case No. [U-20836](#) is expected to commence in March 2023. DTE's new on-peak rate will apply year-round, with separate pricing for summer and non-summer months. The Commission directed DTE to use a mandatory enrollment strategy with 60 days' notice with exceptions granted for AMI opt-out customers and for exiting net metering customers in accordance with the provisions in statute.



Consumers Energy was previously authorized to implement its summer peak rate for all customers in 2021. Consumers Energy has reported an approximate 3.5% load shift from on-peak to off-peak hours as the result of the implementation of its summer peak rate. More information on Consumers Energy's summer peak rate can be found on the Company's [website](#).

Distributed Generation Tariffs

The 2016 energy law included a new distributed generation (DG) program to replace Michigan's existing net metering program and directed the MPSC to conduct a study to develop an equitable cost of service-based DG tariff for the program. In 2019 and 2020, the Commission approved DG tariffs for DTE Electric, Upper Peninsula Power Company (UPPCO), Indiana Michigan Power Company, and Consumers Energy based on an inflow/outflow methodology. Alpena Power Company had its first DG tariff [approved](#) in 2021 in Case No. [U-21045](#). Northern States Power Company (NSP) had its first DG tariff approved in 2022 in Case No. [U-21097](#). UMERCA has not yet filed a proposed DG tariff.

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

4% in exchange for modifications to the DG tariff. Consumers Energy's rate case was pending at the close of 2022. DTE Electric also offered to raise its cap to 3% in its 2022 rate case in exchange for certain modifications to the DG rate calculation methodology, however, the modifications were not approved and DTE's cap remains at 1%.

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

Utility	Case No.	Most Recent Commission Order	Beginning DG Program Enrollment	Program Cap (% of Average Peak Load)
Alpena Power Company	U-21045	December 22, 2021	January 1, 2022	1%
Consumers Energy	U-20697	December 17, 2020	January 1, 2021	2%*
DTE Electric	U-20836	November 18, 2022	May 9, 2019	1%
Indiana Michigan Power Company	U-20359	January 23, 2020	February 1, 2020	1%
Northern States Power Company	U-21097	March 17, 2022	January 1, 2023	1%
Upper Peninsula Power Company	U-20995	May 26, 2021	May 24, 2019	3%*

* Voluntarily increased above the statutory cap by the utility

Electric Vehicle Pilots

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

In 2022, the MPSC assisted 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 and new EV tariffs for various electric utilities in 2022 that will aid in reaching Michigan's goal of two million EVs on the road by 2030.

DTE Electric Charging Forward EV Pilot Program

DTE Electric's rate case included multiple EV pilot proposals, 11 of which the Commission approved in Case No. [U-20836](#). The MPSC also directed DTE Electric to prepare and develop a full-scale EV charging proposal that will include a benefit-cost analysis and transition these pilots into a permanent program. The table includes the EV pilot programs approved in 2022 in Case No. U-20836:

Pilot Program	Brief Description	Funding (Millions)
Customer Education and Outreach	Educate consumers about the fuel saving benefits of EVs and related company offerings such as TOU rates and charging incentives.	\$1.5
Residential Rebates	\$500 rebate for residential installations on Energy Star certified and Underwriters Laboratories approved Level 2 Chargers.	\$0.4
Residential Charging as a Service (CaaS)	DTE to install up to 1,100 Level 2 chargers for residential customers who pay back the costs on their bills over a 10-year period.	\$2.4
Commercial Make-Ready Rebates	\$2000 rebate to incentivize Level 2 and DCFC charger installation for qualified commercial customers.	\$3.9
Charging Hubs	2 heavy and medium-duty Company-owned charging hubs powered by 12 DCFCs.	\$2.8
Transit Batteries/ Electric Bus Batteries	DTE to cover the cost of batteries for eBuses purchased by transit agencies, allowing the Company to collect and analyze charging patterns and other battery data.	\$0.4
Income-Eligible Rebates	Provide up to 1,300 qualifying low-income (<400% FPL) households with a \$1,500 rebate for the purchase or lease of a new or used EV costing \$50,000 or less.	\$1.917
Commercial CaaS	Installation of up to 150 Level 2 ports and 4 DCFCs to incentivize communities that are under-represented in Charging Forward pilot programs: 1) rural areas, 2) municipalities, 3) multi-unit dwellings, 4) environmental justice communities.	\$1.2
Emerging Technology Fund	DTE to create an advisory committee, including MPSC Staff, to test new EV technologies.	\$0.9

Consumers Energy PowerMIDrive and PowerMIFleet EV Pilot Programs

In 2022, the Commission approved a [settlement agreement](#) in Case No. [U-21224](#) that included provisions to transition the residential portion of PowerMIDrive from a pilot program to a permanent program. The permanent program will include:

- An On-Bill Installment Payment Plan to support the cost of installation of an EV Charging Outlet or hardwired installation up to 50 amps.
- Rebates for qualified customers to offset a portion of installation costs.
- Advanced Meter Infrastructure monitoring which encourages EV charging during Off-Peak hours.

Alpena Power Company Demand Waiver for EV Expansion

The Commission approved an amendment to Alpena's General Service tariff which allows Alpena customers to install EV charging infrastructure with a demand waiver period of up to 5 years. A \$500,000 regulatory asset will allow Alpena to support multiple customer applications to the EGLE grant program. Charge Up Michigan grants divide costs evenly between the customer, the EGLE department, and the customer's utility company. Alpena will file annual reports on the development of the EV program in Case No. [U-21234](#).

UPPCO Demand Waiver for EV Expansion

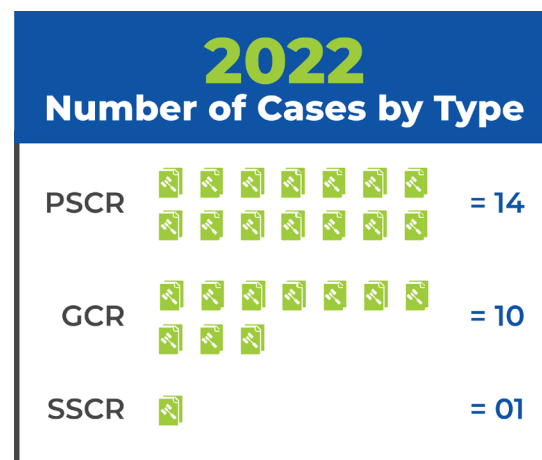
On April 14, 2022, the Upper Peninsula Power Company also received approval in Case No. [U-21137](#) for a 5-year demand waiver to accelerate customer adoption of EV chargers in its territory. In addition to the demand waiver, the MPSC also approved \$750,000 as a regulatory asset for UPPCO to support customer applications to the EGLE "Charge Up Michigan" grant program.

Fuel Cost Recovery Plans and Reconciliations

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

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

Billions of dollars of expenses presented in the current year plan are reviewed annually as well as a



fuel forecast of up to five years for arranging fuel supplies to serve expected customer demand. These plans can be approved and amended based on a Commission order, or utilities may be given a “Section 7” warning³ by the Commission about potential future cost recovery. In 2022, the Commission did not issue any Section 7 warnings. Following a plan prudence review, electric and steam generation related costs, purchased power costs, natural gas costs, and the cost of transmission service are reconciled on an annual basis to actual amounts incurred throughout the plan year.

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

Depreciation Cases

Depreciation cases evaluate the rate of recovery of the costs associated with a utility’s capital assets over the useful service life of the assets so that the costs are recovered over time. Depreciation cases are typically conducted every five years. In 2022, revised depreciation rates were approved for Consumers Energy Gas in Case No. [U-21176](#). Revised depreciation rates for SEMCO were pending in Case No. [U-21294](#) at the close of 2022.

Mergers and Acquisitions

Detroit Thermal Steam Utility

The MPSC approved a [settlement agreement](#) for the transfer of control of Detroit’s steam utility, Detroit Thermal, LLC, from Beacon Energy Holdings, LLC to Cartier Energy, LLC. Detroit Thermal serves more than 100 buildings in the city’s greater downtown, providing steam for space heating, hot water heating, absorption chilling, and other uses (Case No. [U-21194](#)).

Under the terms of the settlement agreement, the transfer will not have an adverse impact on Detroit Thermal customer rates nor result in substantial labor force reductions or changes. Cartier will also not seek rate recovery for costs of the transaction and shall keep the headquarters of Detroit Thermal in Michigan for the foreseeable future. The Commission approved the settlement agreement on May 12, 2022.

³ MCL 460.6j(7)

PURPA Avoided Cost Rates

The Commission issues orders related to the continued implementation of the Public Utility Regulatory Policies Act of 1978 (PURPA) for rate-regulated electric providers. Under PURPA, the MPSC sets rates that electric utilities are required to pay qualifying facilities (QFs) which include cogeneration and small independent renewable power producers, based on avoided energy and capacity costs. In 2022, updated avoided cost rates were approved for Consumers Energy, Northern States Power Company, and Upper Michigan Energy Resources Corporation. Data on the latest approvals of avoided costs and tariffs can be found on the MPSC's [PURPA Avoided Cost Fact Sheet](#).

On July 16, 2020, FERC issued Order 872, Qualifying Facility Rates and Requirements Implementation Issues Under the Public Utility Regulatory Policies Act of 1978, which included significant revisions to the implementation of statutory Sections 201 and 210 of PURPA, including guidance related to the establishment of legally enforceable obligations (LEO). In Case No. [U-20905](#), the Commission directed each utility that had not already filed its respective legally enforceable obligation criteria to do so as part of the utility's next biennial avoided cost review or in a stand-alone proceeding by September 1, 2021. The Commission approved LEO criteria for five regulated utilities in 2022.

Electric Utility	Case Establishing LEO Criteria	Date Approved
DTE Electric	U-18091	Extended by Settlement to a 2024 filing.
Consumers Energy	U-21131	December 9, 2022
Indiana Michigan Power Co.	U-21127	April 14, 2022
UMERC	U-21130	May 12, 2022
Alpena Power	U-18089	Pending
UPPCO	U-21129	April 14, 2022
Northern States Power Co.	U-21241	November 18, 2022

Additional information can be found on the MPSC's PURPA LEO [webpage](#).

Federal Energy Regulatory Commission Advocacy

The MPSC remained active before the Federal Energy Regulatory Commission (FERC) and regional transmission organizations (grid operators regulated by FERC) to monitor federal proceedings and represent the interests of Michigan ratepayers. In 2022, the MPSC intervened in 16 matters before the FERC and the Washington D.C. Court of Appeals.

Highlights of the MPSC's Federal focus areas include:

- In Docket No. RM21-17-000, the MPSC advocated on behalf of Michigan regarding FERC's Notice of Proposed Rulemaking (NOPR) to examine potential shortcomings in the existing regional transmission planning and cost allocation and generator interconnection processes, and to explore potential reforms to those processes to ensure rates for Commission-jurisdictional service remain just and reasonable as the electric generation resource mix nationwide continues to evolve. The MPSC also participated in regional and national groups to assess the potential impacts.
- The MPSC actively participated in MISO stakeholder groups working on the Resource Availability and Need (RAN) Initiative; a Reliability-based Demand Curve; Non-Thermal Capacity Accreditation Reforms; the Seasonal Construct and the Seasonal Accreditation for Thermal Capacity; and the Minimum Capacity Obligation proposal, which are all related to ensuring sufficient resources are available to meet the electricity needs of customers, particularly as the generation fleet transitions 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. FERC rejected MISO's Minimum Capacity Obligation proposal.
- The MPSC continued collaborating with regional transmission stakeholder groups on the development of market rules related to the implementation of FERC Order 2222 which removes barriers to distributed energy resources' participation in wholesale markets, affecting wholesale market rules, wholesale and retail tariffs, and distribution interconnections going forward. The Commission actively participated on behalf of Michigan in Docket No. ER22-1640 regarding MISO's compliance with FERC Order 2222.
- In 2022, the MPSC represented Michigan's interests in three natural gas transmission rate cases before the FERC to minimize the impact to Michigan customers:
 - » RP22-501 ANR Natural Gas rate case
 - » RP22-1033 Northern Natural Gas rate case
 - » RP19-98 Panhandle Eastern Pipe Line Company rate case
- In Docket No. RM22-19, the MPSC provided comments to explain its perspective on FERC's NOPR proposing incentive-based rate treatments to encourage investment in advanced cybersecurity technology and participation in cybersecurity threat information sharing programs.

- In 2022, Chair Scripps served on the OMS Board of Directors and Commissioner Phillips served on the Organization of PJM States (OPSI) Board of Directors.
- In 2022, Chair Scripps served as one of ten regional state commissioners on the Joint Federal-State Task Force on Electric Transmission, which held four meetings in 2022 that focused on topics related to planning and paying for transmission, including transmission to facilitate generator interconnection, 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.

Telecommunications Highlights

Access Restructuring Mechanism Fund and Report

The MPSC concluded administration of the Access Restructuring Mechanism (ARM) Fund and issued its twelfth and final [ARM report](#) on December 1. Throughout 2022, the MPSC disbursed \$8.8 million in funding to approximately 240 providers. During its 12 years of operation, the ARM disbursed approximately \$157 million to eligible providers to recover revenue losses associated with changes in state law that changed the fees providers could charge for originating and terminating calls on their networks.

Statewide Telecommunications Assessment Report

The Commission completed its first ever [Statewide Telecommunications Assessment Report](#) in 2022. The report provided background on telecommunications services and telecommunications law as well as focusing on the evolution of telecommunications services outlining the advantages and disadvantages of these new technologies and highlighting the interconnectedness that these technologies have with other utilities and industries. The report also provided an overview of broadband accessibility, adoption, and affordability issues.



Infrastructure

Enbridge Line 5

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

The record in the case closed in March 2022 following cross examination and the submission of legal briefs. On July 7, the Commission issued an [order](#) reopening the record after finding that the record was deficient on critical matters related to engineering and safety and directed Enbridge to file additional evidence needed for the Commission to complete its analysis. Under the updated schedule, the record is expected to close again in the second quarter of 2023 after additional evidence is submitted and cross examination and briefing occurs.

In order to provide ease of access to case schedules, updates, and opportunities for participation, the Commission continues to maintain a dedicated Line 5 [webpage](#). In 2022, the Commission received more than 8,350 public comments regarding the case which are included in the case docket.

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 legislation successfully. 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. Kate Gordon, Senior Advisor to Energy Secretary Jennifer Granholm presented at the MPSC public meeting on May 12 to increase awareness of the opportunities available from the Department of Energy.

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. By the end of 2022, seven utilities had filed full reports on how they plan to incorporate federal IIJA funding opportunities into their current and future infrastructure investments.

The Commission has also been serving as a strategic partner, providing technical expertise and assistance with stakeholder engagement on a variety of federal funding opportunities. For instance, the Commission has assisted partners in state government with grant applications for grid resilience formula funds, electric vehicle charging infrastructure under the NEVI program, as well as IIJA grants that focus on public private partnerships like the Grid Resilience & Innovative Partnerships (GRIP) and the Regional Clean Hydrogen Hub program.

In 2023, work to maximize the value of the IIJA and IRA to Michigan will continue. The IRA's combination of tax credits and low interest loans will also change cost assumptions for utility scale renewable energy and technologies that reduce greenhouse gas emissions.

- Changes to the Production Tax Credit (PTC) include its expansion to solar energy systems. The PTC provides for a tax credit of 2.6 cents/kwh for projects which meet prevailing wage and apprenticeship labor requirements issued by the Treasury Department. Notably, by tying the credit to the production on a per kWh basis, the PTC provides higher cost savings for higher output.
- Both the PTC and Investment Tax Credit (ITC) include bonus credits for domestic content and projects sited in an energy community. Bonus credits are 0.3 cents/kWh each for the PTC and 10% each for the ITC.
- The ITC, subject to a 1.8 gigawatt cap per year, also includes a low-income bonus for projects located in a low-income community⁴ as defined by the New Markets Tax Credit⁵ or on Indian land. Qualified low-income residential building projects or qualified low-income economic benefit projects where the financial benefits of the solar facility are allocated equitably between the residents also meet the requirements for the low-income bonus. The low-income bonus adds an additional 20% to the ITC.
- The PTC and ITC continue at the current levels for projects starting construction before 2034.

⁴ An energy community is one of three things: (1) brownfield site; (2) an area that, after 2009, had a 0.17% or more direct employment or 25% or more local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas, and has an unemployment rate at or above the national average for the previous year; or (3) a census tract in which a coal mine closed after 1999 (including any adjoining census tract), or a coal-fired electric generating unit has retired after 2009.

⁵ See: <https://www.cdfifund.gov/sites/cdfi/files/documents/nmtc-target-areas-ga.pdf> for more information on New Markets Tax Credits definition of low-income communities.

In the coming years, these funding opportunities will work in tandem to position Michigan as a leader in the green economy of the future while also creating an electrical grid that is safe, reliable, and affordable.

EIED Grants

[Public Act 53](#) and [Public Act 166](#) of 2022, approved by the Michigan Legislature and signed by Gov. Gretchen Whitmer, 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. [Case No. U-21293](#) was opened in August 2022 for the purpose of seeking input from stakeholders on the draft request for proposals (RFP) for the Low Carbon Energy Infrastructure Enhancement and Development (EIED) Grant program. Stakeholder comments were evaluated and considered in the finalization of the RFP.

The Commission issued a RFP for the Low-Carbon EIED Grants on September 30, 2022. The RFP, along with a timeline and additional information can be found on the [Low Carbon EIED Grants webpage](#). In accordance with Public Acts 53 and 166, all proposals will be posted to the grant webpage, unredacted, by January 13, 2023. A 45-day public review period will follow, allowing local governments, environmental groups and business interests directly affected by any of the proposals to submit comments through the grant webpage. After the 45-day review period, applicants will have a 15-day window to modify their proposal and resubmit if desired.

Renewable Natural Gas Study

[Public Act 87 of 2021](#), directed the Michigan Public Service Commission to conduct a study into the potential for renewable natural gas (RNG) development in the state. In part, PA 87 directs the Commission to identify and engage interested stakeholders in the development of the study. In response, on December 9, 2021, the Commission issued an [order](#) in Case No. [U-21170](#) establishing the Renewable Natural Gas Study workgroup.

Renewable natural gas is pipeline-quality biogas — derived from the breakdown of organic matter from landfills, wastewater treatment plants, farm animal waste, crop residues and food waste — that is interchangeable with conventional natural gas used to heat Michiganders' homes. Capturing RNG from existing waste streams can help reduce greenhouse gas emissions that contribute to climate change, particularly if it is derived from sources that create methane emissions released into the atmosphere.

The Commission enlisted the help of ICF to facilitate the exploration of RNG sources, costs, and estimated greenhouse gas emission reductions, with opportunities for feedback from stakeholders, and to assist in delivery of the study requested in PA 87. The MPSC issued its [report to the legislature](#) on September 28, 2022.

As required under Public Act 87, the report:

- Identified existing and potential RNG sources in Michigan and estimates the energy content and greenhouse gas abatement potential of these sources.
- Estimated the cost per unit of heat and the potential greenhouse gas emission reduction per unit of heat should potential RNG sources be used to the greatest practical extent.
- Compared the estimated per-unit cost savings of greenhouse gas emission reductions estimated for RNG sources to the estimated likely per-unit cost savings from the use of other carbon abatement technologies, including hydrogen blending, building electrification, and similar technologies.
- Estimated the RNG production potential by applicable feedstock sources in Michigan.
- Identified barriers to developing and utilizing RNG in Michigan.

Additional information about the study can be found on the [workgroup's webpage](#).

Long Term Resource Adequacy

Integrated Resource Planning

Public Act 341 of 2016 instituted an integrated resource planning (IRP) process to examine options to meet long-term electricity needs considering reliability, cost, performance, environmental impact, and other factors.

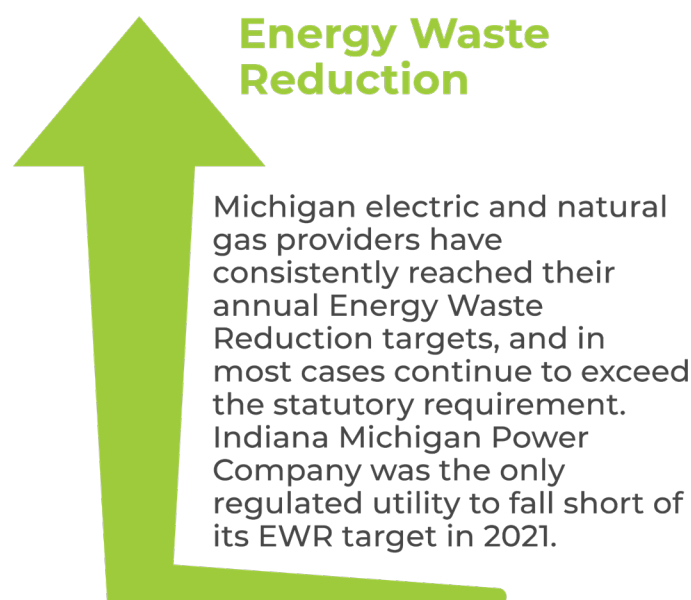
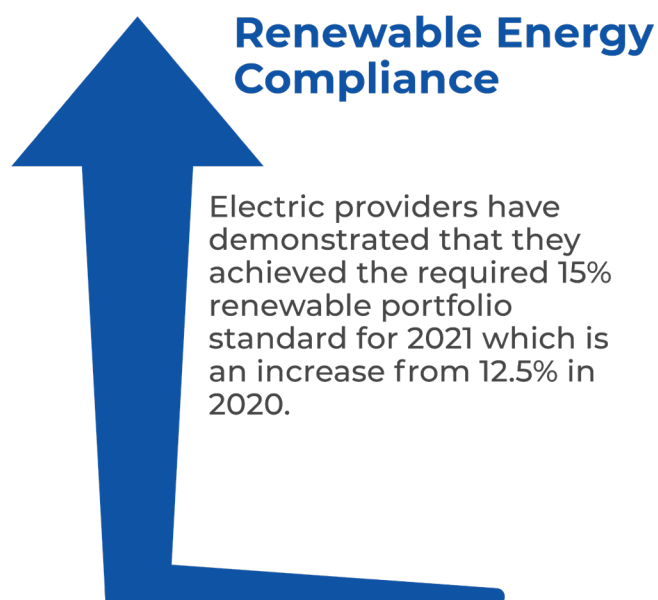
In 2022, the Commission initiated a process to update its required IRP modeling scenarios and assumptions in Case No. [U-21219](#). The process included a collaborative review between MPSC Staff, utility companies, stakeholders, and EGLE. The Commission sought public comments on the proposed revisions and held public hearings in Lansing and Marquette while allowing virtual participation at both events. A central component of both the revised filing requirements and planning parameters was to “take into account the goals set by Michigan’s utilities and how those goals align with the greenhouse gas emissions targets set by Governor Whitmer” in the Michigan Healthy Climate Plan. The updated IRP modeling scenarios and assumptions were approved in October. The IRP modeling scenarios and assumptions are updated every five years.

At the same time, the Commission also directed the Staff to work collaboratively on updates to its IRP filing requirements in Case No. [U-18461](#). After seeking public comments on the proposed requirements, the Commission approved revisions in October.

In 2022, the Commission approved IRPs for Consumers Energy in Case No. [U-20190](#) and UMERG in Case No. [U-21081](#). Settlement agreements were filed and approved in both cases and include increased amounts of solar generation. In addition, Consumers Energy's revised IRP includes the closure of its remaining coal plants by 2025 and the purchase of the New Covert Generating Station, a natural gas-fired combined cycle plant, transferring that generation to the MISO market from the PJM market.

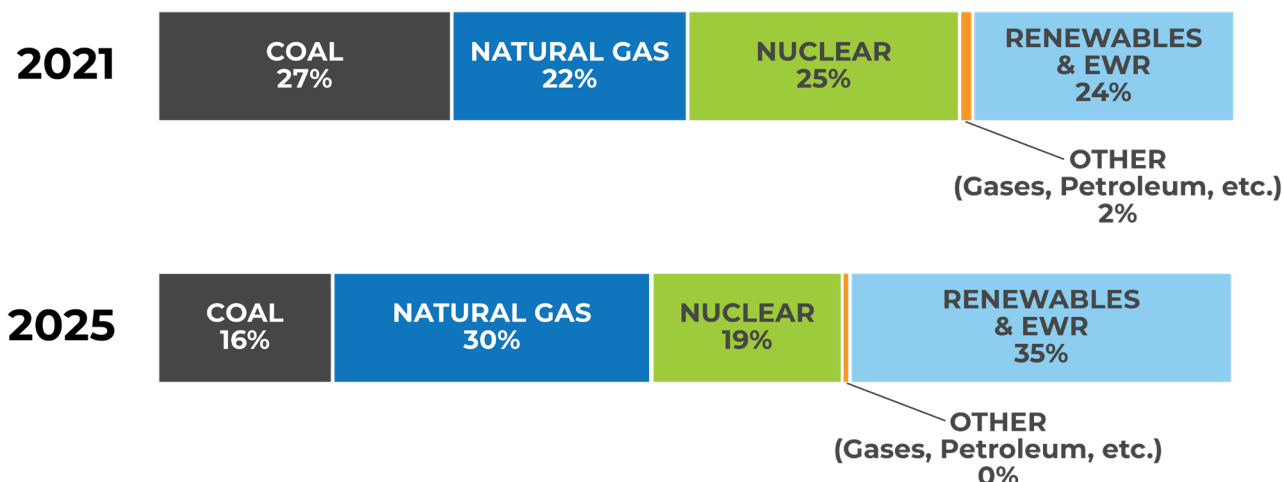
IRPs for Indiana Michigan Power Company (Case No. U-21189) and DTE Electric (Case No. U-21193) were pending at the close of 2022.

A proportion of future needs continue to be met with renewable energy resources and energy waste reduction programs.



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

Michigan Energy Mix (MWh)



The chart above includes changes to Michigan's energy mix based on the approved IRPs at the close of 2022. Proposed changes in pending IRPs are not included. Assuming these projections are correct, the non-binding goal set by Public Act 342 of 2016 of 35% of Michigan's energy needs coming from a mix of renewable energy and energy waste reduction by 2025 will be met.

State Reliability Mechanism

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

Following Staff review in 2022, the Commission determined in Case No. [U-21099](#) that electricity providers demonstrated enough capacity to meet the requirements for planning year 2025/26, with the exception of Spartan Renewable Energy. The Commission opened a proceeding in Case No. [U-21250](#) for the purpose of allowing Spartan to show cause why it should not be found in violation of the capacity demonstration requirements for the 2025/26. After the incumbent utility filed an

updated capacity demonstration assuming the responsibility for load that had not previously been demonstrated for, the Commission found, as it has in previous years, that there was no need to implement any state reliability mechanism capacity charges again this year.

The Staff's report in Case No. U-21099 also identified concerns regarding the tightening of capacity resources in the MISO region. The Commission shares those concerns, noting that last year that local resource zone (LRZ) 7, which comprises the majority of Michigan's lower peninsula, experienced a capacity shortfall that led to the highest possible capacity price, the cost of new entry (CONE) in the MISO planning resource auction (PRA). In 2022, all of MISO North and MISO Central (LRZs 1-7) cleared at CONE indicating a shortfall of capacity across the broader MISO region. In response to the tight capacity conditions, the Commission sought comments on potential solutions to improve the capacity position of Michigan. In December 2022, 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.

Also in 2022, the Commission directed Staff to work with utilities and stakeholders to determine whether and what changes might be necessary to its capacity demonstration process and requirements as a result of MISO's change to a seasonal resource adequacy construct with seasonal resource accreditation from an annual process. Recommendations for any changes are expected from Staff in 2023.

Capacity demonstrations for planning year 2026/27 were filed in December 2022, and continued through February 2023 in Case No. [U-21225](#).

Telecommunications Planning

Connecting Michigan Communities Grant Program

During 2022, the MPSC Staff participated on a taskforce with other state departments and agencies related to the Connecting Michigan Communities (CMIC) broadband grant program. The CMIC 3.0 grant awards of more than \$3 million were announced on June 14.

Affordable Connectivity Program

The MPSC continued its outreach efforts related to the federal Affordable Connectivity Program 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 2022, 534,440 Michigan households received assistance for their internet service through this program.

Michigan High Speed Internet Office

The Commission continued its work with the Michigan High-Speed Internet (MIHI) Office in an effort to expand broadband service throughout the state. This included continued work with the Connecting Michigan Taskforce under the direction of the MIHI Office. The Commission is also active on the Realizing Opportunity with Broadband Infrastructure Networks (ROBIN) grant program steering committee. The ROBIN program, which is administered by the MIHI Office, will make \$238.7 million available through grants for internet expansion in unserved areas throughout Michigan.

Discontinuance of Service

Over the course of 2022, the Telecommunications Division handled 6 license surrenders and 3 discontinuance of service applications pursuant to Section 313 of the Michigan Telecommunications Act.



Conclusion

The Commission had a productive 2022, working on statutory and operational priorities and ensuring alignment with the state’s energy policy and telecommunication goals. As always, the MPSC continues its commitment to work with the Governor and Legislature on energy and telecommunications matters to improve infrastructure, enhance services, and ensure appropriate protection of Michigan residents and businesses.



SECTION FIVE



ON BILL FINANCING REPORT

Public Act 342 of 2016, MCL 460.1211, required that the MPSC promulgate rules to enable the establishment of utility on bill financing (OBF) programs by April 20, 2017, and to provide an update on utility on-bill finance programs every five years. The statute specifies that the On Bill Financing Report may be combined with the Commission's annual report due annually by the first Monday in March. The Commission is including this section in its 2022 annual report in compliance with this directive.

A residential OBF program allows a residential customer to finance home energy improvements and to pay off the costs for those improvements on their utility bill. PA 342 of 2016 authorized the creation of these programs by Michigan's rate regulated utilities. In 2017, the Commission initiated stakeholder meetings designed to better understand OBF program opportunities and challenges and to receive feedback and input on recommended OBF programs goals.

A key component of OBF programs is the utility's right to disconnect a customer for failure to pay the portion of their utility bill related to the energy project financing. In order to establish the framework necessary for utility implementation of OBF programs, the Commission updated its billing rules to permit customer disconnection where the customer has missed three consecutive payments related to the financed improvements (See [Consumer Standards and Billing Practices for Electric and Natural Gas Service](#), Rule 137(2)(c)).

The Commission also explored issues related to OBF in its MI Power Grid initiative as part of the New Technologies and Business Models workgroup. [The Staff Report](#) further explores both the potential for OBF programs and the challenges and barriers that must be addressed in order to set up these programs.

While some Michigan municipal utilities have implemented OBF programs or programs with similar characteristics, there may be [challenges](#) that face regulated utilities seeking to establish similar programs. To date, no Michigan regulated utility has presented an OBF proposal to the Commission for consideration.



Michigan Public Service Commission
PO Box 30221 Lansing, MI 48909



Michigan.Gov/MPSC



LARA-MPSC-Commissioners2@Michigan.gov



1-800-292-9555