

Affordability, Alignment, and Assistance Subcommittee 9/9/2025

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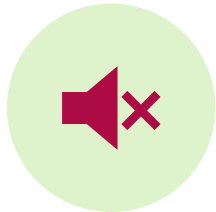
Meeting Reminders



THIS MEETING IS
BEING RECORDED



COMMENT IN THE
CHAT



PLEASE MUTE
YOURSELF WHEN
NOT SPEAKING



YOU MAY RAISE
YOUR HAND TO
SPEAK



Agenda: Staff Energy Affordability Report



Recommendation Underpinnings



Staff Affordability Report Summary



Program Comparisons



Staff's Proposed Program Design



Funding Mechanisms



Q & A

Recommendation Underpinnings

2023 & 2025 AAA Charge

Charge to the EAAC AAA Subcommittee

Progress

- Initiate a stakeholder discussion of DTE's report on enrollment in the LIA credit program; report recommendations to the Commission.
- Discuss the LIA/RIA enrollment assignment, enrollment cap, and best use/program pairings.
- Evaluate the feasibility of a low-income customer subclass in the Cost-of-Service-Study (COSS)
- Evaluate and make recommendations regarding Percentage of Income Payment Plans.
- Propose an energy affordability standard for integration into the regulatory environment.
- Determine the best fulfillment of MCL 460.11(2)

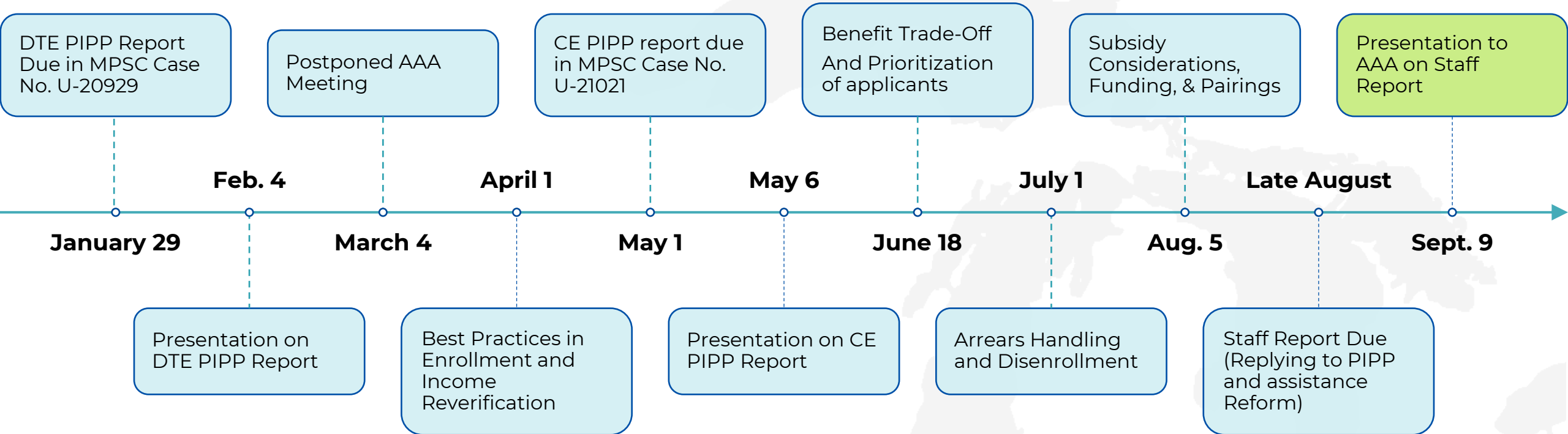


Subcommittee Charge Fulfillment

- ❑ Not all of the AAA subcommittee charges were addressed by name in the AAA subcommittee meetings.
 - Staff drew inspiration from the meeting discussions and utility presentations to shape recommendations to the Commission.
- ❑ Recommendations must balance many interests, including:
 - Statutory authority,
 - Energy affordability for those receiving assistance,
 - Affordability impacts for those not receiving assistance, and
 - Various other concerns.



2025 PIPP Reporting Timeline



*Timeline subject to Commission discretion and timeliness of reporting

Thank You, AAA Subcommittee Participants

Thank You!

Summary of 2025 AAA Meetings



Basing energy assistance on energy burden is important



Raising rates to put all identified eligible customers on an income-based payment plan could make energy less affordable for more customers

Some believe that providing greater assistance to fewer customers may be the best path forward



Energy security is a strong underpinning of energy assistance going forward

Keeping customers on assistance and reducing barriers to reverifying eligibility are very important

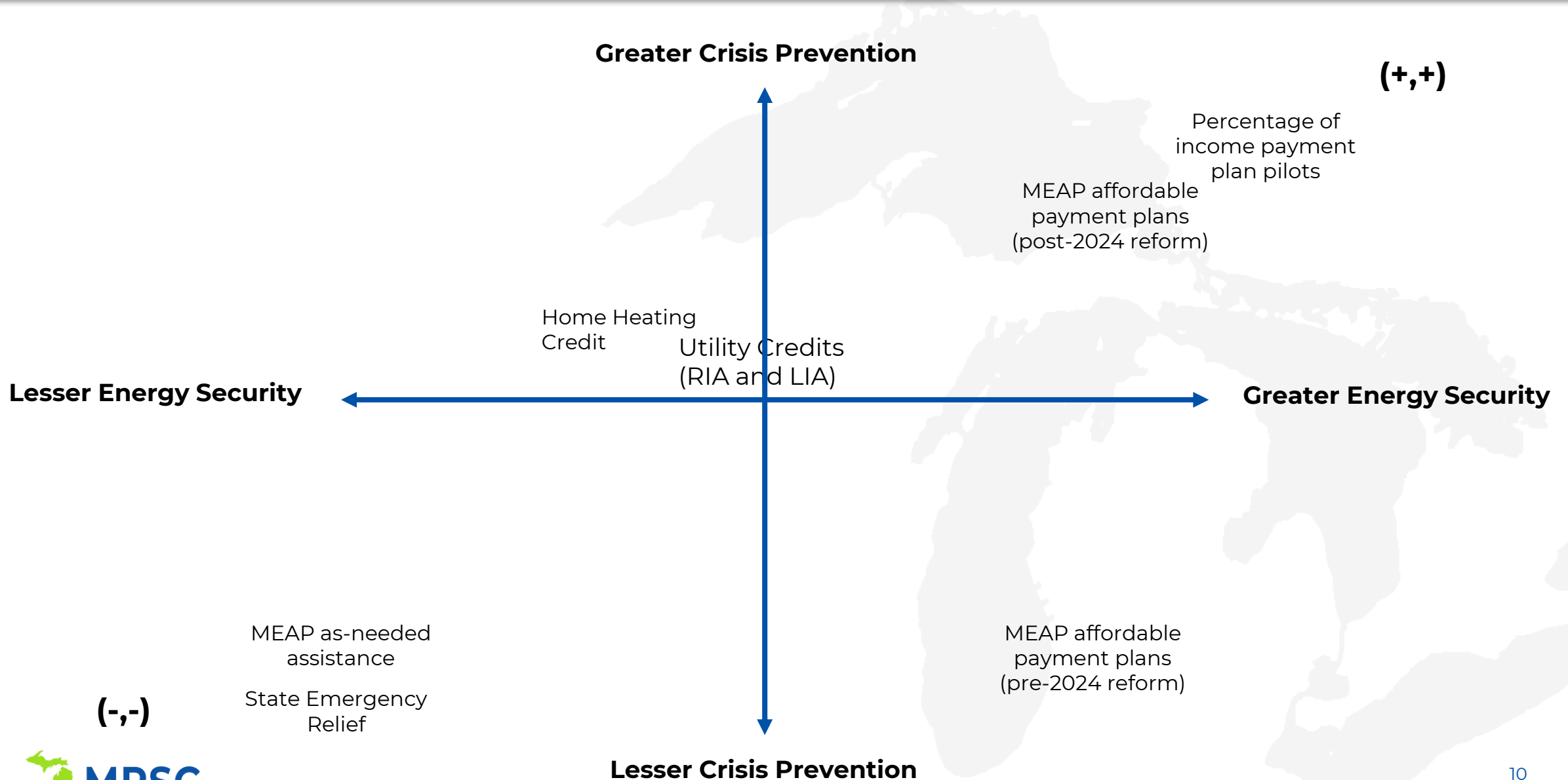


Ensuring arrears forgiveness components lead to a clean slate (reverses as many fees as possible) is important

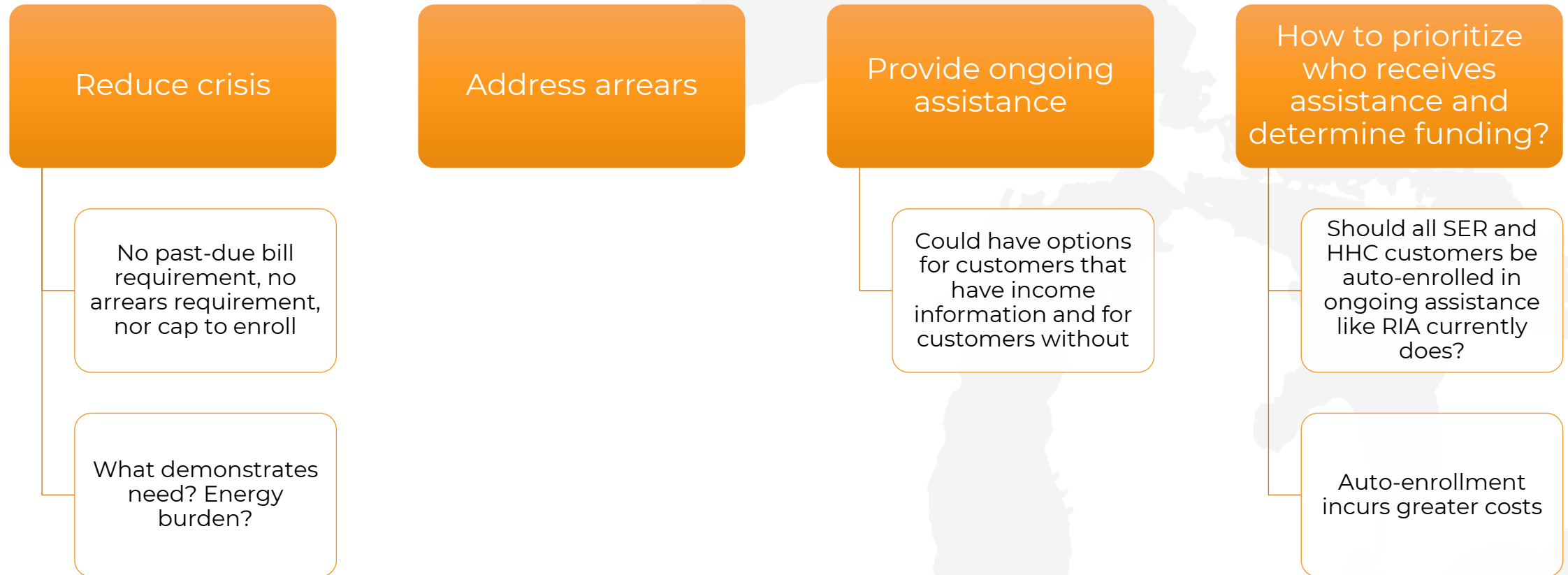


Coordinating services and streamlining customer experience

Energy Security/Crisis Spectrum



Energy Security Program Design



Staff Affordability Report Summary

A Sneak Peek—Report will likely be filed tomorrow. In final formatting stage.

Report Overview

Content

- I. Foundations including background on Commission directives and legislative parameters, the current energy assistance system, findings on the LIA credit, and CE's Cost-of-Service Study
- II. Percentage of Income Payment Plan Pilot Reports
- III. Determining the Best Fulfillment of MCL 460.11(2)
- IV. The Customer Journey with Recommendations
- V. Further Exploration

Navigation Tools

- Table of contents
- Sections (5) and chapters (24)
- Staff Recommendations
 - Identified in Table of Contents
 - Underlined
- Multiple tables, visuals, etc.
- Appendices
 - Glossary
 - List of Tables and Figures
 - Other useful tools and source documents

Types of Recommendations



Program Design

Affordability standard
Goals and metrics
Program administration



Program Design Policies

Eligibility
Caps
Bill Subsidies



Funding Considerations

Bill subsidy and administrative costs
Cost Recovery
Layering of funds
Phasing into new programs



Customer Journey Policies

Outreach
Triage
Application
Income Verification
Term of Plans
Validation Frequency



Tarriff Proposals

Reflection of Commission Decisions

How to Access the Report

- ❑ Filing notices will be filed in the Consumers Energy and DTE Energy PIPP dockets, U-21021 and U-20929
- ❑ The Commission requested the actual report be filed to U-20757, since that is where the AAA reporting has occurred in past and where most of these Commission directives came from.
- ❑ Look for the report to be filed in [Case No. U-20757](#)

The screenshot shows a web browser window with the URL <https://mi-psc.my.site.com/s/global-search/U-20757>. The page header includes the LARA logo and navigation links: Home, Login / Sign Up, E-Dockets Help, and Hearings Calendar. The main content area is titled "Search Results" and shows a sidebar with filters: All (selected), Cases, Filings, and Files. Below the sidebar is a "Collapse List" link. The main content area is divided into two sections: "Cases" and "Filings".

Cases
1 Result

CASE NUMBER	OPEN DATE	SUBJ
U-20757	4/15/2020	In th

Filings
5+ Results • Sorted by Relevance ▼

FILING #	FILE DATE	FILED BY
U-20757-0729	12/26/2024	Melissa
U-20757-0524	3/16/2023	Melissa

Program Comparisons

Pros and Cons of APPs, PIPPs, RIA/LIA Credits

Chapter 11, Figure 63

Modified Budget APPs

- Varied bill subsidy based on income and other factors, but retains a consistent monthly bill subsidy and consistent customer payment obligation. Likely higher average bill subsidies than RIA/LIA but lower than PIPP
- Bill subsidies are predictable under APP modified budget
- Less expensive to administer, since MEAP credit in each income tier are the same

PIPP and Flat Rate APPs

- Bill subsidy tailored to each individual's income (PIPP) or income tier (APP). Can be higher average bill subsidies than other programs being compared
- Bill subsidies are difficult to predict
- More expensive to administer, since each bill's credit would need calculating

RIA & LIA

- Consistent bill subsidy amount regardless of income
- Bill subsidies are quite easy to predict
- Cheapest to administer, since a customer's income eligibility is the only factor to determine credit

Bill Impacts: APPs, PIPPs, RIA/LIA Credits

Chapter 11, Figure 63

Modified Budget APPs

- Customer is responsible for fluctuations in bills/consumption under APP modified budget
- If rates increase, customers will have to pay more either until the credits are adjusted by % increase OR just more if credits aren't adjusted

PIPP and Flat Rate APPs

- Customer is not responsible for fluctuations in bills/consumption
- If rates increase, the customer may see no difference in their plan amount

RIA & LIA

- Customer is responsible for fluctuations in bills/consumption
- If rates increase, customers will have to pay more, absent any changes in consumption (so long as the credit doesn't get increased)

Goal Attainment: APPs, PIPPs, RIA/LIA Credits

Chapter 11, Figure 63

Modified Budget APPs

More difficult to determine if it promotes consistent energy affordability across customers*

More difficult to determine if it promotes consistent home energy security across customers

*Some of this has been due to lack of parameters around benefit matrix design. Utilities have been allowed to design their own with no common underlying rationale.



PIPP and Flat Rate APPs

Can more easily align with energy affordability

Can more easily promote home energy security



RIA & LIA

Energy affordability is likely inconsistent

Home energy security results are likely inconsistent

Energy Assistance Payment Plan Programs

Energy assistance programs had different eligibility requirements during pilot period, which likely impacted results

Company	PIPP Pilot		Traditional APP		Modified APP	
	DTE	Consumers Energy	DTE	Consumers Energy	DTE	Consumers Energy
Income Eligibility	≤ 200% FPL	≤ 150% FPL	≥ 20% ≤150%	≥ 20% ≤150%	≤ 150% FPL	≤ 150% FPL
Arrears Required	No	No	Yes	Yes	Yes	Yes
Arrears Cap	\$1,500	\$6,000	\$3,000	\$4,000	None	None
Consumption Cap	\$3,750	Credit Cap of \$6,000	Varies by Commodity	None	None	None
Arrears Forgiveness	1/24 th Arrears Forgiveness with On Time Payment	1/24 th Arrears Forgiveness with On Time Payment	1/24 th Arrears Forgiveness, regardless of On Time Payment	1/24 th Arrears Forgiveness, regardless of On Time Payment	Interval installments of \$600, \$600, and \$1,800 at select points	Interval installments of \$600, \$600, and \$1,800 at select points

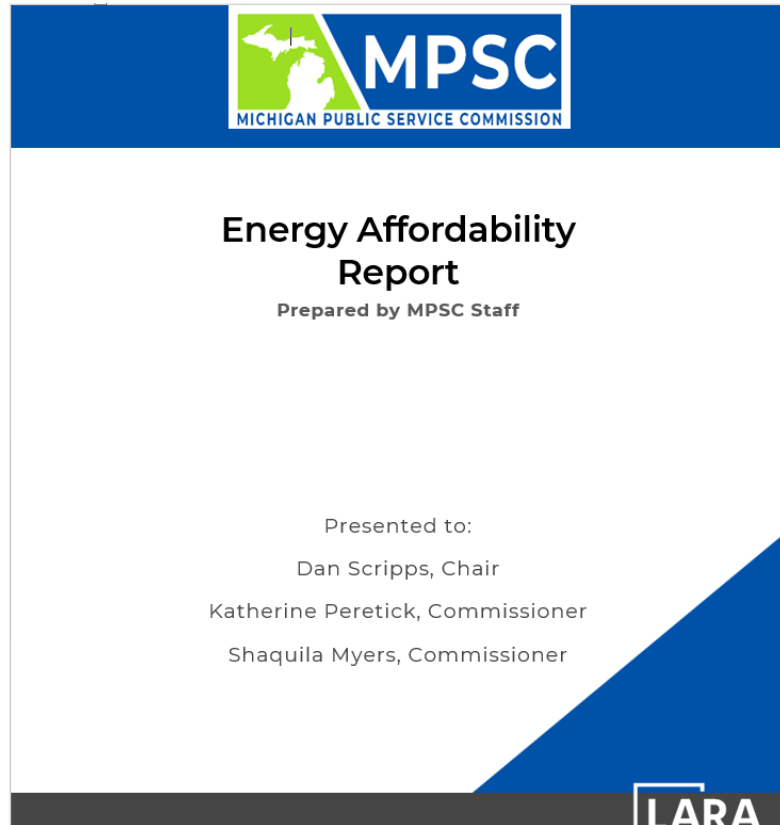
Program Outcome Comparisons

Existing MEAP-funded APPs in Michigan were not designed for uniform success.

Trends		
Program	DTE	Consumers Energy
PIPP Pilot DTE PSP & CE PIPP	<ul style="list-style-type: none"> Declines in On Time Payment Behavior Consistent, but broadly higher energy burden post-assistance Lowest reduction in arrears 	<ul style="list-style-type: none"> Improvement in On Time Payment Behavior Consistent and similar energy burden post-assistance to CARE and CARE MB Slower, but comparable arrears forgiveness to CARE MB
Traditional APP DTE LSP & CE CARE	<ul style="list-style-type: none"> Improvement in On Time Payment Behavior Variable, but broadly lower energy burden post-assistance Higher arrears forgiveness than PIPP Pilot 	<ul style="list-style-type: none"> Improvement in On Time Payment Behavior Variable, but similar energy burden post-assistance to PIPP Pilot and CARE MB Lowest reduction in arrears
Modified APP DTE LSPM & CE CARE MB	<ul style="list-style-type: none"> Improvement in On Time Payment Behavior Variable, but broadly lower energy burden post-assistance Arrears forgiveness varied Higher arrears forgiveness than PIPP Pilot 	<ul style="list-style-type: none"> Improvement in On Time Payment Behavior Variable, but similar energy burden post-assistance to PIPP Pilot and CARE Faster, but comparable arrears forgiveness to PIPP Pilot

Staff's Proposed Program Design

Determine the Best Fulfillment of MCL 460.11(2)



Staff's position is that a monthly subsidy tailored to household income and usage categories is the most targeted and effective means of supporting home energy security for income qualified customers.

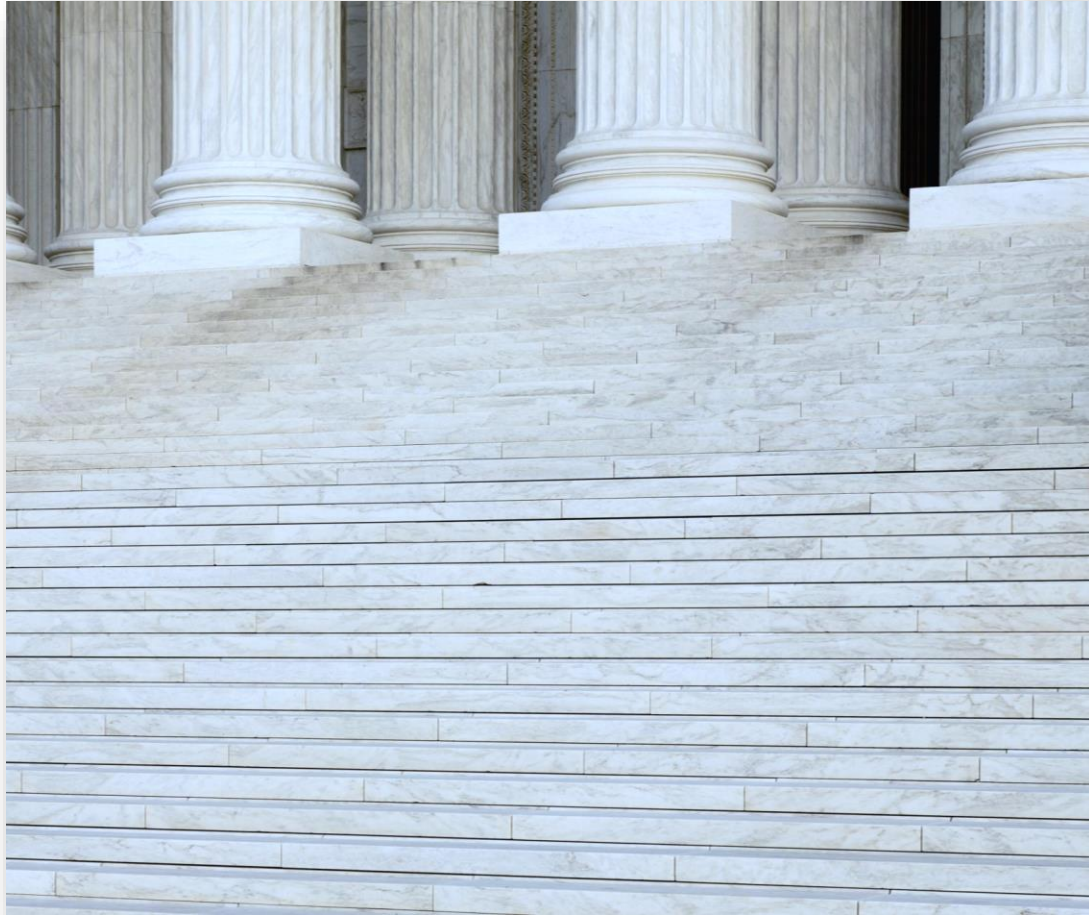
Based on the analysis in the report:

RIA and LIA

Affordable
Payment Plans

PIPP Pilots

Income Eligibility



- ❑ The eligibility for MCL 460.11(2), MEAP, and LIHEAP are very strict, being that they are defined in statute.
- ❑ For these reasons, Staff does not support recommendations for the fulfillment of MCL 460.11(2) that included increasing income eligibility up to 200% of the federal poverty level or beyond.
 - Chapter 23, Unexplored Reform Options

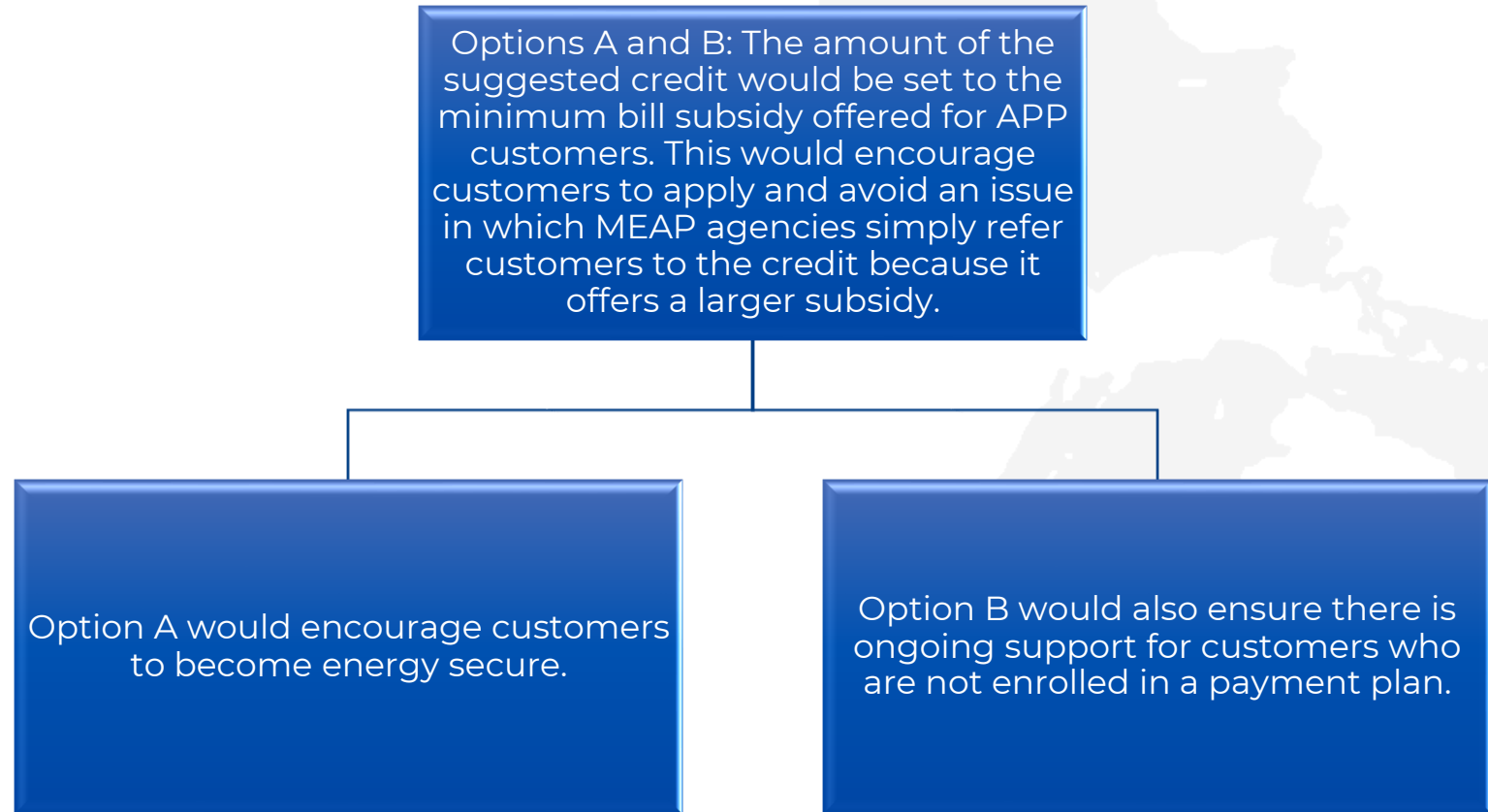
A Redesigned Energy Assistance System: APP IOUs

Staff Recommendation: As a long-term home energy security and energy affordability solution, Staff recommends the Commission approve one of the following for all IOUs that currently offer APPs as soon as possible:

Option A) Divert MCL 460.11(2) related dollars to the relaunched affordable payment plans for utilities that already have APPs (but not co-mingling the funding sources with MEAP).

Option B) Use part of the MCL 460.11(2) funds to fund an APP that mimics the MEAP APP while also offering a credit to customers who seek assistance through a MEAP agency and prefer a more streamlined income verification process.

APP IOU Options



A Redesigned Energy Assistance System: Non-APP

Staff Recommendation: For utilities that do not currently offer APPs, in the short-term, while decisions relating to program administration and fund management are being made, Staff recommends the Commission approve the following:

Option 1) Continue the RIA credit as the only credit offered

Option 2) Continue the RIA credit as the only credit offered; increase the RIA to \$20 for natural gas utility customers and \$40 for electric utility customers

Options for IOUs not offering APPs



Credit amounts for options 1 and 2 are supported by average low-income customer electric bills being roughly double that of natural gas bills.



Many natural gas RIA credits are approaching \$15 per month.

Staff-Proposed Program Design

Chapter 15 - Summary of Bill Subsidy Findings and Recommendations
Figure 87 - Staff Proposed Program Design

Table includes design recommendations comparing:

- MCL 460.11(2) Payment Plans
- MCL 460.11(2) Flat Amount
- MEAP APP-Modified Budget Plans
- MEAP As-Needed Assistance

Design Elements in the table include:

- Consumption, arrears, and annual assistance caps
- Arrears requirements and arrearage forgiveness
- Plan credit amounts, minimum payments, and gap payments
- Annual true-ups
- Terms of plans

Funding Mechanisms

Staff Funding Recommendations

The Commission no longer approve enrollment projections as a means of approving energy assistance spending,

- Switch to a model that more closely resembles LIHEAP and MEAP, in which a determined level of funding is approved and collected.
- Fund managers are required to spend down the fund and reconcile the fund

The Commission approve one of the following to collect funds to fund programs authorized under MCL 460.11(2):

- The Commission could approve either a percentage of each utility's revenue requirement to be approved for energy affordability funds, or
- Include a set dollar amount per year that the average residential ratepayer would pay for.

Prioritization of Applicants

- If the Commission approves funding caps for either a MCL 460.11(2) payment plan or a flat credit amount, Staff recommended the Commission determine assistance priority for applicants.

Option 1: First-Come First-Served

- All IOU company tariffs should state that customers receiving assistance through MCL 460.11(2) are provided with assistance either on a first-come first-served basis or in line with MEAP statutory guidelines.

Option 2: Demonstration of Need (Historical)

- In the past, “need” has sometimes been defined as lowest incomes, but income is not always the best predictor of need if a customer has very low expenses.

Option 3: Demonstration of Need Option

- Another option could be offering priority to those who receive SER or apply for the credit directly through the utility and thus identifying themselves as requiring assistance.

Option 4: MEAP

- Prioritization outlined in MEAP statute could additionally be utilized.

MCL 460.11(2) Relationship to MEAP



Going forward, Staff does not support MCL 460.11(2) dollars subsidizing MEAP APPs but is supportive of an identical parallel program with its MCL 460.11(2) funding source distinct from MEAP APPs



Staff also recommends the current MEAP modified budget APPs benefit matrices be redesigned.

Subsidies for single-commodity households not using electric heat should be based on a maximum of 4% energy burden payment obligation for electric customers, and a maximum of 2% energy burden for natural gas households' payments.

Chapter 16 - Funding Considerations

Next Steps

- ❑ Report will be submitted to docket [Case No. U-20757](#)
- ❑ Commission will likely invite comments
 - AAA leadership will send out an email
- ❑ Commission will review the report and release an order
- ❑ The AAA subcommittee will no longer meet unless otherwise ordered by the Commission

Q & A

Inviting Clarification on the Report
Preview

Questions



Use the raise hand function in Teams to speak or add to the chat



Be respectful of diverse input



Voice dissent in a productive and respectful manner

Appendices

Appendix: Energy Assistance Glossary

- ❑ ALICE: Asset-Limited, Income-Constrained, Employed
 - [Michigan | UnitedForALICE](#)
- ❑ APP: the MEAP Affordable Payment Plan
 - Available through [Michigan Energy Assistance Program](#)
- ❑ FPG/FPL: Federal Poverty Guidelines/Level
 - [LIHEAP IM 2024-02 FPG and SMI](#)
- ❑ HHC: Home Heating Credit
 - LIHEAP Heating Benefit [Home Heating Credit Information](#)
- ❑ LIA: Low-Income Assistance Credit
 - Current expression of [MCL 460.11 \(2\)](#)
- ❑ LIEAF: Low-Income Energy Assistance Fund
 - Funds the [Michigan Energy Assistance Program](#)
- ❑ LIHEAP: Low-Income Home Energy Assistance Program
 - [Low Income Home Energy Assistance Program](#)

Appendix: Energy Assistance Glossary – Cont.

- ❑ MEAP: Michigan Energy Assistance Program
 - [Michigan Energy Assistance Program](#)
- ❑ PIPP: Percentage of Income Payment Plan/Program
 - <https://liheapch.acf.hhs.gov/docs/PIPPupdate.pdf>
- ❑ RIA: Residential Income Assistance Credit
 - Current expression of [MCL 460.11 \(2\)](#)
- ❑ SER: State Emergency Relief
 - LIHEAP Crisis Benefit [State Emergency Relief \(SER\) Program](#)
- ❑ SMI: State Median Income
 - [LIHEAP IM 2024-02 FPG and SMI](#)

Authorizing Legislation: MCL 460.11 (2)

“Notwithstanding any other provision of this act, the commission may establish eligible low-income customer or eligible senior citizen customer rates. Upon filing of a rate increase request, a utility shall include proposed eligible low-income customer and eligible senior citizen customer rates and a method to allocate the revenue shortfall attributed to the implementation of those rates upon all customer classes. As used in this subsection, ‘eligible low-income customer’ and ‘eligible senior citizen customer’ mean those terms as defined in section 10t.”

MCL 460.10t(6)(b)

"Eligible low-income customer" means a customer whose household income does not exceed 150% of the poverty level, as published by the United States Department of Health and Human Services, or who receives any of the following:

- (i) Assistance from a state emergency relief program.
- (ii) Food stamps.
- (iii) Medicaid.