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NEWS RELEASE

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MPSC orders audit, directs Consumers Energy, DTE Electric to report on compliance with outage, safety regulations

Concerned about a lack of progress in reducing power outages and ensuring the public doesn't come into contact with downed power lines, the Michigan Public Service Commission today ordered Consumers Energy Co. and DTE Electric Co. to report to the Commission on their compliance with regulations and past Commission orders governing utilities' response to outages and downed lines, and directed MPSC Staff to take action to begin a third-party audit and review of all equipment and operations of the two utilities' distribution systems.

The Commission's steps today in Case No. U-21305 come amid mounting frustration from the public and the MPSC with a pattern of widespread, lengthy outages from increasingly severe storms in Michigan. During the most recent, on Aug. 29, storms with gusts exceeding 70 mph left nearly half a million Michigan customers without electricity for up to several days. A 14-year-old girl was killed in Monroe and two boys were critically injured in Warren after coming into contact with power lines downed in the storm. Dozens of schools were closed just as the school year was getting underway.

"These actions represent a new approach to the MPSC's work to hold the state's two largest electric utilities to account for persistent reliability and safety challenges," MPSC Chair Dan Scripps said. "Over the past decade the MPSC has issued a series of directives in response to wide-spread outages after storms. While there are important efforts underway, the reality is that we still haven't seen the improvements in reliability and safety that Michigan customers deserve. This effort to get an independent assessment of the utilities' distribution infrastructure, programs, and processes will inform next steps and provide a necessary path forward to a power grid that meets the expectations of its customers."

Today's order directs Consumers Energy and DTE Electric to report on their compliance with each directive and commitment in previous MPSC orders, including those in [Case No. U-21122](#), initiated after severe storms in August 2021 left approximately a million Michiganders without electricity, some for more than a week.

The utilities also must report on their compliance with each of the directives listed by the Commission in its [May 17 order](#) in [Case No. U-20169](#) and on issues dealing with

response to downed wires. The report must be filed by Nov. 4, 2022. The Commission directs Consumers and DTE Electric to explain in detail:

- How their downed wire response audits are performed, to verify that the utilities are responding in a consistent manner that complies with regulatory requirements and company procedures.
- How technologies are being used to improve detection of downed wires, to help the Commission better understand the detection system and what improvements can be made to improve public safety.
- How technologies used to monitor and control the power grid, including advanced distribution management systems, advanced metering and other sensors, perform during outages, and what impacts outage-related loss of data from these sensors may have on restoration and storm recovery.
- How critical facilities, ranging from hospitals to schools, are identified and prioritized for restoration of service after an outage, to help the Commission examine potential improvements such as installation of microgrids that could provide redundancy to preserve electric service.
- Their efforts to engage in public outreach, education and training of the public and first responders on the dangers of downed power lines, and on improvements to these efforts given the large-scale outage and downed-wire events in 2021 and 2022.

Today's order also directs MPSC Staff to begin the process of hiring a consultant to perform an independent third-party audit and review of Consumers and DTE Electric's electric distribution system, including all equipment and operations, with a focus on reducing the number and duration of outages and identifying improvements needed to increase safety, particularly concerning the risk of public contact with downed power lines.

Staff will report to the Commission what steps are required for this comprehensive review aimed at reducing the number and duration of outages and improving public safety, including the need for a request for proposals to competitively bid a consulting contract for the audit. The cost of the audit will be paid by the utilities, pursuant to state law.

The Commission takes these steps just over a year after the Commission took action in [Case No. U-21122](#) and other measures, and these efforts have produced some effective actions, including more aggressive tree trimming and vegetation management that shows signs of reducing outages and duration of outages where deployed.

MPSC OKs cost measures for DTE Gas and DTE Electric

The MPSC today approved DTE Electric Co.'s power supply cost recovery (PSCR) plan for the 12 months ending Dec. 31, 2021, and adopted a five-year forecast ([Case No. U-20826](#)). The Commission notes that it previously found that the utility's NEXUS Gas

Transmission LLC Pipeline agreement to be reasonable and prudent at the time it was executed and today found the Texas Eastern Appalachian Lease (TEAL) amendment to be reasonable and prudent. The Commission will continue to review DTE Electric's actions – including extensions to the TEAL amendment and other efforts to renegotiate its NEXUS supply arrangements – in light of the company's continuing obligation to monitor and respond to market conditions and system needs.

The order permits DTE Electric to bill PSCR customers a PSCR factor of 3.22 mills per kilowatt-hour for 2021 metered jurisdictional sales of electricity.

The MPSC also denied a petition for a rehearing filed by Attorney General Dana Nessel's office in [Case No. U-20236](#), in which the Commission [approved](#) DTE Gas Co.'s 2019-2020 gas cost recovery (GCR) reconciliation without adopting an \$8.2 million disallowance proposed by her office.

The Commission, saying it was not persuaded that it erred in its decision on the matter, asserted that the Attorney General's proposed disallowance of some costs related to DTE Gas's use of the NEXUS pipeline is not justified without evidence showing the costs were not reasonable or prudent.

Even so, the Commission in its July 27 order warned the utility that costs arising from the use of the NEXUS pipeline would face scrutiny and recovery might not be approved in future proceedings. NEXUS, a partnership between DTE Gas' parent company, DTE Energy, and Enbridge Inc., is a 256-mile pipeline that transports natural gas from receipt points in eastern Ohio to interconnections in southeast Michigan.

MPSC OKs CONSUMERS ENERGY POWER PURCHASE AGREEMENTS FOR SOLAR, HYDRO FACILITIES

The MPSC approved a power purchase agreement (PPA) between Consumers Energy Co. and STS Hydropower LLC for the output of the Ada Hydro Plant, a 1,400-kilowatt generating station on the Thornapple River near Ada in west Michigan ([Case No. U-18425](#)). The term of the new PPA began on June 15, 2022, and is extended to May 31, 2023. In addition, the Commission approved 25-year PPAs beginning March 25, 2022, between Consumers and Confluence Solar LLC in Genesee County and Heartwood Solar LLC in Hillsdale County ([Case No. U-20165](#)). Each is a 150-megawatt solar project. The three agreements are not expected to impact current rates or rate schedules and will not increase the cost of service to customers.

EXTENDED PERFORMANCE MEASURE PERIOD APPROVED FOR AT&T MICHIGAN

The MPSC today approved amending AT&T Michigan's current performance measures and remedy plan, approved by the Commission in September 2020, to extend their effective date from Dec. 31, 2022, to Dec. 31, 2024 ([Case No. U-11830](#)). These measures and benchmarks are used to review AT&T Michigan's performance in providing nondiscriminatory access to its facilities and services, including unbundled network elements, to competitive local exchange carriers.

MPSC ADOPTS INTERCONNECTION AND DISTRIBUTED GENERATION STANDARDS, TO BE SUBMITTED FOR STATE APPROVAL

The Commission today adopted updates to Interconnection and Distributed Generation Standards and will submit them to the Legislative Service Bureau and the Michigan Office of Administrative Hearings and Rules for formal approvals ([Case No. U-20890](#)). Once approved, the standards will be transmitted to the Joint Committee on Administrative Rules. These updates are part of the Commission's MI Power Grid initiative to maximize the benefits of Michigan's transition from large, centralized power plants to clean, distributed sources of energy.

MPSC APPROVES CONSUMERS ENERGY'S 2020 RENEWABLE ENERGY PLAN RECONCILIATION

Consumers Energy Co.'s application for approval of the reconciliation of its renewable energy plan costs and revenues for the 12-month period ending Dec. 31, 2020, was approved today. ([Case No. U-21009](#)). The Commission also approved the schedule for transfer price — the price at which the cost of renewable energy is recovered through the company's power supply cost recovery — for company-owned renewable generation for 2020. The Association of Businesses Advocating Tariff Equity intervened in the case. MPSC Staff also participated.

To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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