



Gretchen Whitmer, Governor  
Dan Scripps, Chair  
Tremaine Phillips, Commissioner  
Katherine Peretick, Commissioner

## NEWS RELEASE

Twitter: [@MichiganPSC](https://twitter.com/MichiganPSC)  
[www.michigan.gov/mpsc](http://www.michigan.gov/mpsc)

**FOR IMMEDIATE RELEASE** Feb. 2, 2023  
Media contact: [Matt Helms](mailto:Matt.Helms@mpsc.com) 517-284-8300  
Customer Assistance: 800-292-9555

### **MPSC approves settlement agreement on Indiana Michigan Power Co.'s first integrated resource plan**

The Michigan Public Service Commission today approved Indiana Michigan Power Co.'s (I&M) first integrated resource plan providing a long-term look at how the utility plans to provide reliable, cost-effective service to its approximately 131,000 residential and commercial customers in southwest Michigan ([Case No. U-21189](#)).

Integrated resource plans are electric utilities' long-range plans for meeting customers' electricity needs in reliable and cost-effective ways. Michigan's energy law, Public Act 341 of 2016, [requires electric utilities](#) whose rates are regulated by the MPSC to submit IRPs to the Commission for review and approval.

The Commission today approved a contested settlement agreement reached by I&M, MPSC Staff and the Association of Businesses Advocating Tariff Equity. Energy Michigan filed a statement of nonobjection, while five other intervenors filed objections. The Commission found that, despite the objections, the settlement agreement is in the public interest and represents a fair and reasonable resolution supported by substantial evidence on the record in the IRP case.

Among the highlights of the IRP settlement:

- I&M agrees to procure new resources using the Commission's request for proposal process for 2,160 megawatts (MW) from new carbon-free resources or the expansion of existing carbon-free resources.
- Of these carbon-free resource capacity additions, I&M will target procuring at least 30% through power purchase agreements (PPAs) and about 70% from company-owned assets. If at least 50% of its capacity additions are through PPAs, I&M will earn an incentive.
- I&M has a 750 MW capacity need, but the specifics of that need will be determined in a future proceeding under MCL 460.6s, which will include updated pricing and consider a full range of alternatives, consistent with the terms of the settlement agreement.
- I&M will file an ex parte application with the Commission for approval of costs for generation and storage resources for all projects less than 225 MW and a certificate of necessity application for projects greater than 225 MW.
- The utility will increase its annual energy waste reduction (EWR) savings targets incrementally over the next five years to achieve 2% by the end of 2027 and

maintain 2% until its next IRP, with interim targets of 1.6% in 2024, 1.75% in 2025 and 1.9% in 2026. If I&M fails to achieve 1.75% by the end of 2025, it will transfer management of the program to a third-party administrator.

- I&M will increase its EWR spending on low-income customers to 12% of the company's total annual EWR program budget by the 2025 plan year, with interim targets of 8.3% by 2023 and 10% by 2024.
- I&M's Michigan-jurisdictional share of its coal-fired Rockport Unit 2 coal plant in Indiana will be fully recoverable in rates through the end of its lease in 2028.
- I&M's conservation voltage reduction program is approved as reasonable for the next three years with capital costs approved for 2023 through 2025.

I&M will file its next IRP within 5 years, although it may do so earlier. The utility initially filed an application for approval of its [first IRP](#) in August 2019, but in September 2020 [received Commission approval](#) to withdraw the plan and refile it later to give the company time to address issues including the lease of the Rockport Unit 2 plant.

The five intervenors in the case with objections to the IRP were the Michigan Department of Attorney General; Citizens Utility Board of Michigan; Michigan Environmental Council; Sierra Club, and Great Lakes Renewable Energy Association.

Among other concerns, the objectors raised questions about the settlement agreement's assumptions regarding the resources that would fill the company's 750 MW capacity need, terms regarding the treatment of the Rockport Unit 2 plant and the company's participation in an intercompany power agreement with the Ohio Valley Electric Corp. Nevertheless, the Commission found that settlement agreement is in the public interest and a reasonable resolution of the case. The Commission noted that the agreement's uncontested benefits include significant additions of carbon-free resources, the potential for crediting ratepayers with revenues from Rockport Unit 2, and significant steps forward from I&M's historical EWR performance and increased EWR spending on low-income customers, with consequences if the commitments are not met. In addition, because the settlement agreement defers consideration of the specific resources relating to the 750 MW capacity need to a future proceeding, the recovery of costs associated with Rockport Unit 2 were previously approved by the Commission and the agreement neither explicitly nor implicitly approves the power agreement with the Ohio Valley Electric Corp., the Commission found these concerns did not warrant a rejection of the settlement agreement.

### **COMMISSION DENIES DTE ELECTRIC'S PETITION FOR RATE CASE REHEARING**

The Commission today denied DTE Electric Co.'s petition for a rehearing on the MPSC's order in [Case No. U-20836](#) that approved \$30.5 million of the \$388 million rate increase request the utility sought in 2022. After the [MPSC's order Nov. 18](#), DTE filed a petition for a rehearing, arguing that the Commission erred in its decision, and that the decision would have unintended consequences. Specifically, DTE Electric took issue with the Commission's adoption of a residential sales forecasting methodology set forth by the Michigan Department of Attorney General, factoring in higher than expected residential sales, and instead urged the MPSC to adopt a sales forecast recommended

by the administrative law judge in the case. The company argued that the Commission's order reduced the company's rates by "by over \$100 million – well below a reasonable and prudent level." The company also proposed to credit customer accounts for incremental revenue greater than forecasted if the Commission granted its request. Intervenors including the Attorney General argued against the rehearing. The Commission found that the company's warning about potential consequences was "simply another form of expressing its disagreement with the Commission's decision" and that the company's disagreement is not a valid reason for a rehearing. While not making any determinations on DTE Electric's offer of voluntary refunds, the Commission commended the company for seeking a creative resolution and said it would consider such a proposal if filed in a future rate case.

### **COMMISSION APPROVES INDIANA MICHIGAN POWER CO.'S POWER SUPPLY COST RECOVERY RECONCILIATION, DISALLOWS \$1.3 MILLION IN COSTS FROM UNECONOMIC POWER PURCHASE AGREEMENT**

Indiana Michigan Power Co.'s (I&M) power supply cost recovery (PSCR) reconciliation for the 12 months ending Dec. 31, 2020, was approved by the MPSC ([Case No. U-20530](#)). I&M was authorized to roll the power supply cost underrecovery — \$4,034,407 with principal and interest — into its beginning balance for its 2021 PSCR reconciliation. The Commission disallowed \$1.347 million in costs under an inter-company power agreement between I&M and the Ohio Valley Electric Corp., a joint venture owned by 12 utilities whose largest shareholder is I&M's parent company, American Electric Power Co. The Commission directed I&M to continue documenting the basis for the utility's decision to designate a generating unit as must-run when the company's forecast demonstrates that doing so will result in excess costs, because the marginal costs to operate the generating unit exceed revenue from supplying the unit's output to the market of PJM Interconnection, the multistate regional transmission operator that covers a portion of southwest Michigan.

*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](#).*

*For information about the MPSC, visit [www.michigan.gov/mpsc](http://www.michigan.gov/mpsc), sign up for its [monthly newsletter](#) or other [listservs](#). Follow the Commission on [Facebook](#), [Twitter](#) or [LinkedIn](#).*

**DISCLAIMER:** *This document was prepared to aid the public's understanding of certain matters before the Commission and is not intended to modify, supplement, or be a substitute for the Commission's orders. The Commission's orders are the official action of the Commission.*

###