

Thank you for this opportunity for the Citizens Utility Board (CUB) of Michigan to respond to the request from the Commission's order on May 18, 2023, and comment on the Commission Staff's second interim report. As the state's nonprofit residential ratepayer advocate, CUB has been actively involved in elevating the problem of lack of affordability for Michigan utility ratepayers. The Staff's second interim report, with its many recommendations, will significantly shape how the MPSC addresses affordability issues going forward, and so CUB takes this comment opportunity seriously.

The fact that our comments are relatively brief speaks to how many of the recommendations from the Staff's second interim report we see as being on the mark. In the interests of time, these comments will focus on the areas of disagreement.

Addressing Affordability Requires Changing the Ratemaking Process

CUB would like to echo many of the points made by the Michigan Municipal Association for Utility Issues (MI-MAUI) and other energy affordability advocates in their comments in this docket. We agree with all of those comments but we will emphasize several points.

Overall, the Staff interim report does not pay enough attention to the issue of affordable *rates* in particular. The comments from MI-MAUI/other groups argue that the only way to ultimately address affordability is by having more affordable rates. We agree and the evidence to support this claim is very strong. CUB has sponsored testimony in several rate cases that show the rates are too high for a majority of low-income customers in a given utility service territory to be able to pay without having an amount of their monthly income consumed by utility costs that is significantly higher than any affordability standard deems as reasonable. To name one example, in Consumers Energy electric rate case U-20697, CUB sponsored testimony¹ from energy affordability expert Roger Colton. This testimony presented data showing that (to quote from a blog post we published summarizing the testimony at the time):²

About 18% of Consumers Energy customers live below the federal poverty level, compared to about 14% for the state of Michigan as a whole. Essentially all (over 99%) of Consumers Energy customers in that income range pay over 8% of their income on electricity—well over the 3% share that is defined as the threshold of “affordability” by a standard used by regulatory bodies around the country. In addition, over 99% of customers under 50% of federal poverty guidelines pay a whopping 15% of their income on electricity.

Given the utmost importance of rates to affordability, we argue that it is an oversight that the Staff interim report does not include many recommendations specific to rates. One recommendation that could be added is that: *The amount of time a utility must wait before it can*

¹ <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000ClxgNAAT>

² https://www.cubofmichigan.org/consumers_energy_offers_bill_relief_why_customers_deserve_more

file another rate case following a rate increase should be extended. Currently, a utility can file a rate case after just 12 months have passed since the previous one. While the MPSC may be limited in its ability to change this statute, a formal recommendation from the MPSC Staff that this timeline be extended to avoid “revolving door” rate increases could provide powerful motivation to ultimately change the statute.

Do Not Impose Burdensome Requirements on Critical Care Program Participants

The Staff’s proposal to require applicants and re-applicants for the critical care program to first seek assistance to eliminate their arrears should be rejected. The fact that a customer would be applying for the critical care program should be considered that that customer has exhausted other options. The purpose of the “critical care” program is to support customers for whom the interruption of utility service would be life-threatening. If it is determined that a customer falls into such a vulnerable position, then access to other assistance should not be a disqualifying condition. If assistance is available to take the customer out of a vulnerable position, the customer would not be seeking to be in the critical care program.

More Open Participation in Data Collection

We agree with the call from MI-MAUI and other groups to modify the Staff’s recommendation to collect shutoff and arrearage data by zip code or census tract and for a study to examine the costs of reporting by census tract versus zip code. Specifically, the recommendation should be modified so that the utilities alone do not manage this study. Rather, the study should be jointly managed by the utilities and Commission Staff involved in the DARR subcommittee with DARR subcommittee stakeholders also participating.

Expedite Action on PIPPs

Next, CUB strongly disagrees with the Staff’s recommendation on the timeline to study percentage of income payment plans (PIPPs). Specifically, page 12 of the Staff’s report states that:

The Commission’s directives in Case Nos. U-20940 and U-20697 for the EAAC to evaluate and make recommendations regarding Percentage of Income Payment Plans (PIPPs) requires more time by the EAAC than provided in the order issued on February 10, 2022 in Case No. U-20757, where the Commission agreed that it would be necessary for the collaborative “to continue into 2023, with assessment in the future as to the collaborative’s lifespan.” Staff recommends an extension of the EAAC and work of the LIEPB to continue through calendar year 2024 with re-assessment for work beyond that time.

This timeline implies that recommendations regarding PIPPs may not be made until 2025. Actions to implement permanent PIPPs in Michigan would then presumably be delayed until some later period. This is an unacceptably long timeline for low-income and vulnerable customers to be waiting for programs that can actually bridge the gap between the amount they can reasonably pay and the amount they are being charged for essential services. We know what the critical elements of a PIPP program are because they have been in place in large states like New Jersey, Pennsylvania and Ohio for years. Indeed, in one of the very first sessions of the Energy Affordability and Accessibility Collaborative (EAAC), Mr. Colton laid out the primary elements and the rationale for PIPPs.

As CUB summarized in this blog post,³ PIPPs are necessary because right now a significant amount of Michigan utility customers is paying or trying to pay their utility bills while making huge economic sacrifices, like buying less food or essential medicines, because their utility bills eat up too high a percent of their income, according to empirical data presented by Colton at that meeting. Fixed amounts of financial assistance, like the forms of assistance that dominate in Michigan right now, are not going to close that gap because they are fixed and inflexible. An approach based on percentage of income is the only way to confront this “paid but unaffordable bill” phenomenon that Colton spoke about at the very outset of the EAAC.

We suggest that the Staff’s recommendation be amended so that calendar year 2024 is a deadline for Commission action (not just recommendation) on the creation of permanent PIPP programs. There is no reason to delay this process further, given that PIPPs are a known approach with years of implementation history in other states.

3

https://www.cubofmichigan.org/gan_energy_consumers_need_help_paying_their_bills_so_a_new_collaborative_effort_is_needed