



## NEWS RELEASE

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Dan Scripps, Chair

Katherine Peretick, Commissioner

Alessandra Carreon, Commissioner

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### **MPSC seeks comment on proposal to connect utility earnings with reducing duration and frequency of electric outages, takes next steps in comprehensive utility audit**

The Michigan Public Service Commission today announced next steps in its ongoing efforts to address challenges to electric reliability, seeking comment on a straw proposal for utilities whose customers experience repeated, lengthy power outages and announcing the start of an audit that will examine all facets of the electric distribution systems of Consumers Energy and DTE Electric Co.

The Commission, concerned in particular about the length of time it takes the state's two largest utilities to restore power after an outage and the significant numbers of utility customers experiencing repeat outages each year, is seeking comment from stakeholders in its ongoing work to improve reliability metrics through the MPSC's Financial Incentives and Disincentives workgroup as part of the MI Power Grid Initiative ([Case No. U-21400](#)).

Among the straw proposal's potential incentive and disincentive mechanisms:

- Establishing penalties for utilities whose customers experience four or more sustained power interruptions per year. Current service quality standards require that, through December 2029, not more than 6% of a utility's customers may experience more than 4 sustained outages, and no more than 5% of customers after Jan. 1, 2030. In 2022, DTE Electric had 163,417 such customers, and Consumers Energy 173,273, according to annual utility reports.
- Utilities would be penalized further for having customers experience 7 or more sustained power interruptions. Annual reports filed by the utilities indicate DTE Electric had 16,262 such customers, and Consumers Energy 19,821 in 2022.
- Utilities would be penalized if a circuit ranked in the top 10 worst-performing circuits for 3 or more years within the past 5 years.
- Considering financial mechanisms connected to the time it takes utilities to restore power, including a particular focus on restoration timelines during major storms.

These are among a number of metrics the Commission proposes to inform the work of the Financial Incentives and Disincentives workgroup, [launched in April](#). The workgroup

is tasked with improving the reliability of Michigan's electric grid using industry-standard measures of the frequency and duration of power interruptions.

"We share the public's frustration with the number and duration of power outages, and particularly those who experience outages over and over again," said MPSC Chair Dan Scripps. "By focusing on the places where improvement is needed most, we're working to better connect the financial performance of the utilities with the experience of their customers. Today's actions of offering a straw proposal that ties financial metrics to the duration of outages and the number of customers experiencing multiple outages each year is a significant step towards that goal."

Today's order seeks comments from stakeholders on the preliminary straw proposal by 5 p.m. Sept. 22, with reply comments due by 5 p.m. Oct. 20. Comments should reference Case No. U-21400. Comments may be mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909, or emailed to [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov). Comments also may be filed through the Commission's E-Dockets system at Case No. U-21400; instructions are available on the E-Dockets website.

In addition, the Commission announced today that the State of Michigan on July 11 awarded a \$1,756,160 contract for the comprehensive audit of Consumers Energy and DTE Electric to Liberty Consulting Group, which was selected after a public request for proposals process. Based in Lebanon, Pa., Liberty Consulting provides management, planning, operational, financial, restructuring, regulatory and policy consulting services in the energy and telecommunications industries.

Under terms of the contract, which was effective Aug. 1, Liberty Consulting must file a summary report on the audit's progress by Dec. 31, 2023, with a final report expected in late summer 2024. The audit's cost will be paid by the utilities, pursuant to state law.

The Commission in October 2022 announced it would move to hire a consultant to conduct an independent third-party audit and review of Consumers and DTE Electric's electric distribution systems, including all equipment and operations ([Case No. U-21305](#)). The focus of the audit is 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.

The need for the comprehensive review of the distribution systems of Michigan's two largest utilities was underscored by the recent storms that spawned seven confirmed tornadoes across southern Michigan. The severe weather caused power outages for more than 500,000 customers.

"Through the audit, the MPSC looks forward to a gaining a deeper understanding of the challenges that DTE Electric and Consumers face as we continue to experience increasingly frequent and severe storms so we can develop effective solutions" Commissioner Katherine Peretick said.

“The results of this audit will help inform what actions need to be taken to significantly improve reliability, make Michigan’s electric grid more resilient to extreme weather, and reduce the risks of the public coming in contact with downed power lines,” Commissioner Alessandra Carreon said.

Meanwhile, the Commission today approved a protective order sought jointly by Consumers Energy and DTE Energy. The companies sought the order to protect any records or information exempt from public disclosure under federal or state statute. The companies specifically sought protection for documents or information that’s commercially sensitive, involves security-sensitive information about critical energy infrastructure, or contains personally identifiable information (PII) about company employees. Because the order protects only highly sensitive data from public release, it does not hinder the thoroughness of the audit process or preclude the MPSC from sharing key findings of the audit publicly.

Members of the public may learn more about the work of the MI Power Grid Financial Incentives/Disincentives workgroup and sign up for email updates at the [workgroup’s webpage](#).

### **Commission approves Indiana Michigan Power Co. contracts**

The Commission today approved several Indiana Michigan Power Co. (I&M) power contracts that aim to help the utility meet goals laid out in its first integrated resource plan (IRP) [approved by the MPSC](#).

Today’s order ([Case No. U-21189](#)) approves:

- A power purchase agreement (PPA) with Elkhart County Solar Project LLC for a 100-megawatt (MW) solar facility in Indiana, with a projected operational date of Dec. 31, 2025.
- A PPA with Sculpin Solar LLC for the 180-MW Sculpin Solar Project in Dekalb County, Ind., expected to be operational by Dec. 31, 2025.
- A 7-year capacity-only purchase agreement with Rockland Capital for 210 MW of capacity accredited by regional transmission operator PJM from the Montpelier Generating Station, a natural gas facility in Wells County, Ind. The contract would cover the 2027-2028 through 2033-2034 capacity years.
- A purchase and sale agreement with Mayapple Solar Holdings LLC for the 224-MW Mayapple Solar Project in Pulaski County, Ind., expected to be in operation by May 2026. The Commission declined to preapprove contingency or contingency-like expenses associated with the project, noting its long-standing policy of disallowing contingency costs, but did not preclude I&M from seeking approval of expenses once costs have been incurred and the utility provides evidence of the costs’ reasonableness and prudence.

The Commission, meanwhile, granted I&M’s application for leave to appeal an administrative law judge’s ruling in the case unsealing some testimony that the

company contended should be protected from public disclosure, but denied the company's requested relief.

As part of its IRP, approved in a settlement agreement in February, I&M agreed to procure new resources using the MPSC's request for proposal (RFP) process for 2,160 MW of new carbon-free resources or the expansion of existing resources. The IRP also acknowledged a 750 MW capacity need.

Utility IRPs are long-range plans for meeting customer electric needs in reliable and cost-effective ways over a 20-year period, with specific requirements for reporting 5-, 10- and 15-year projections.

For more information, read the MPSC's [issue brief on I&M's IRP](#) or our [issue brief on IRPs](#).

### **COMMISSION SEEKS COMMENT ON INCREASE OF POWER OUTAGE CREDITS TO \$38 PER DAY TO ACCOUNT FOR INFLATION**

The MPSC is seeking comment on a proposal to increase bill credits for power outages from \$35 to \$38, adjusted upward, with rounding, to reflect inflation with a Consumer Price Index (CPI) increase of 7.7% ([Case No. U-20629](#)). The Commission in March [increased power outage credits](#), made them automatic, and indexed them to the rate of inflation, to be adjusted by Oct. 1 each year, and today's order is the first annual CPI adjustment since the new credits were set. Anyone may submit public comment on the proposed revised bill credit. Comments should reference Case No. U-20629 and must be received by 5 p.m. Sept. 13, 2023. Comments may be mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909, or emailed to [mpscdockets@michigan.gov](mailto:mpscdockets@michigan.gov).

### **COMMISSION GRANTS, DENIES SERVICE QUALITY RULES WAIVER REQUESTS FROM MULTIPLE UTILITIES**

The MPSC took action on waiver requests from several utilities working to meet new reporting requirements established when the Commission [adopted updated Service Quality and Reliability Standards](#) for Electric Distribution Systems in March. The Commission approved a temporary waiver of momentary interruptions reporting requirements for Northern States Power Co.-Wisconsin and deferred to MPSC Staff the utility's request to report momentary average interruption frequency index in its Case No. U-21122 reporting template ([Case No. U-21415](#)). The Commission granted a temporary waiver of the momentary interruptions reporting requirement for Alpena Power Co. and allowed the utility to apply for an additional waiver, if needed, before the current waiver expires ([Case No. U-21419](#)). The Commission granted temporary waivers from several requirements for Upper Peninsula Power Co. and a permanent waiver of momentary outage reporting requirements for customers that do not have automated metering infrastructure or where customers have opted out, but denied UPPCO's request for a waiver for the customer outage credits required under SQR Rule 46(2) ([Case No. U-21420](#)). The Commission granted temporary waivers of the momentary interruptions reporting requirement and response time compliance reporting

requirement for Upper Michigan Energy Resources Corp. ([Case No. U-21451](#)). These temporary waivers are intended to provide some of Michigan's smaller utilities with time requested to obtain the additional support needed to comply with technical requirements for reporting under the Commission's newly enacted service quality rules.

### **MPSC GRANTS CONDITIONAL APPROVAL FOR ACCOUNTING MEASURE FOR CONSUMERS ENERGY VEGETATION MANAGEMENT LiDAR PROJECT**

The MPSC today granted ex parte approval to Consumers Energy Co.'s request for the authority to create a regulatory asset or liability so the company can defer funding for a mapping project related to its vegetation management activities ([Case No. U-21460](#)). Consumers is seeking funding through the federal Infrastructure Investment and Jobs Act of 2021 for a Public-Private Partnership to Drive Grid and Climate Resiliency Through Combined Remote Sensing Technologies, using LiDAR (light detection and ranging) to improve vegetation management. Consumers' required match would be \$24.5 million for the overall \$82.8 million project. Today's order allows the company to create a regulatory asset or liability until funding is secured and granted, with the caveat that the reasonableness and prudence of any expended funds will be reviewed in a future rate case. The Commission also conditioned approval on Consumers addressing concerns about quantifiable benefits for customers through operational efficiencies, the quantified value of these efficiencies, and safety and privacy of data gathered through this effort.

*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](#).*

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