

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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**In the matter of the application of)
DTE ELECTRIC COMPANY)
for authority to increase its rates, amend)
its rate schedules and rules governing the)
distribution and supply of electric energy, and)
for miscellaneous accounting authority.)**
_____)

Case No. U-21534

QUALIFICATIONS AND REBUTTAL TESTIMONY
OF
ANNE ARMSTRONG
MICHIGAN PUBLIC SERVICE COMMISSION

August 16, 2024

**QUALIFICATIONS OF ANNE ARMSTRONG
CASE NUMBER U-21534**

1 Q. Please state your name and business address for the record.

2 A. My name is Anne T. Armstrong. My business address is the Michigan Public
3 Service Commission's (MPSC or Commission) work site at 7109 West Saginaw
4 Highway, Lansing, Michigan 48917.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed in the Customer Assistance Division (CAD) of the MPSC. I am
7 the Director of the Division, which includes the Michigan Energy Assistance
8 Program section, the Compliance and Investigation Section, and the Data Access,
9 Privacy, and IT section. The CAD also works with state agencies, utilities, local
10 governments, and non-profits on coordinating low-income energy.

11 Q. Would you please outline your educational background?

12 A. Yes. I earned a Bachelor of Arts degree in History from Yale University in 1983
13 and a Master of Health Services Administration and Policy degree from the
14 University of Michigan in 1994. I also completed the Annual Regulatory Studies
15 Program sponsored by Michigan State University (August 2018).

16 Q. Would you please outline your professional experience?

17 A. My professional experience consists of health and environmental policy advisor;
18 tribal liaison, and legislative liaison for Governor John Engler. I worked for the
19 Michigan Department of Mental Health as Administrator of Special Projects,
20 where I designed the structure of the Department of Community Health. I then
21 worked as Vice President for Strategic Planning of VHA/MIDNET, a health care
22 consortium and consulting company.

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1 In 2015, I worked as the Associate Director of the Office of Urban Initiatives for
2 Governor Snyder, serving as community liaison in West and Southwest Michigan,
3 where I worked collaboratively with communities and stakeholders to address
4 issues in workforce, housing, mobility, environment, public safety, and economic
5 development by building collaborative relationships with local, state, and federal
6 governments; legislators; philanthropy; law enforcement; community agencies.

7 In 2018 I served as Director of the Michigan Agency for Energy. In 2019, I joined
8 the MPSC as Director CAD. In addition, I am the lead for the Energy
9 Affordability and Accessibility Collaborative, and co-chair of the Low-Income
10 Energy Policy Board. I also serve on the National Association of Regulatory
11 Utility Commissioners (NARUC) staff subcommittee on the Consumer and the
12 Public Interest.

13 Q. Have you previously presented testimony before the Commission?

14 A. Yes. I presented testimony in the following cases: U-21090, U-20963, U-20836.

15 Q. Have you assisted with other cases before the Commission?

16 A. Yes, I provided oversight to Staff or contributions in the following cases:
17 U-17277, U-17493, U-18060, U-18238, U-20712, U-20648, U-20757, U-20828,
18 U-20918, U-20940, U-20959, U-21043, U-21045, U-21116, U-21087, U-21122,
19 U-21148, U-21150, U-21215, U-21291, U-21297, U-21308, U-21289, U-21458,
20 U-21502.

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**REBUTTAL TESTIMONY OF ANNE ARMSTRONG
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1 Q. What is the purpose of your rebuttal testimony?

2 A. The purpose of my rebuttal testimony is to respond to certain positions taken by
3 witnesses Justin Schott and Arjun Makhijani on behalf of Soulardarity and We
4 Want Green, representing the Detroit Areas Advocacy Organizations (DAAO).
5 I will begin with three recommendations on shutoff and arrearage data reporting
6 offered by DAAO witness Schott and end with recommendations on non-energy
7 benefits offered by DAAO witness Makhijani.

8 Q. On page 77 of DAAO witness Schott’s testimony he states “I recommend that the
9 MPSC reinstate the monthly reporting requirements that it initially repealed in
10 MPSC Case No. U-20757. Monthly reporting is critical to track trends and
11 differentiate seasonal energy burdens that spike after periods of extreme
12 weather.”¹ What is Staff’s response to this statement?

13 A. Per U-20757, the Data Analysis and Regulatory Review Subcommittee held
14 multiple workgroups and through the work of this subcommittee it was
15 recommended in the March, 2023 Staff Report, Recommendation 2.1 to combine
16 the monthly Shut off and Arrearage report and the Quarterly report and to have
17 this submitted on a quarterly basis.² This recommendation combines two similar
18 reports and streamlines the reporting process: accepted by the Commission as a
19 part of the December 21, 2023, Commission Order in case U-20757.³ It is
20 important to note that regulated utilities continue to report shut off and arrearage

¹ DAAO witness Justin Schott direct testimony, p 77.

² MPSC Case No. U-20757, Staff’s Interim Progress Report, 03/17/2023, p 21.

³MPSC Case No. U-20757, 12/21/2023 Order, p 22.

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1 data via the U-20757 docket monthly and can be viewed on the Michigan Public
2 Service Commission’s website.⁴

3 Staff and the utilities are moving towards the quarterly reporting cadence as
4 outlined in the Commission Order. The quarterly reporting is scheduled to start
5 the first quarter of 2025. Although, the reporting will be done on quarterly basis,
6 the report will still be broken down by month and will be easily accessible by the
7 MPSC website, just as the current monthly Shut off and Arrearage report is.
8 Therefore, Staff and the public will continue to be able to track trends and
9 seasonal energy burdens.

10 Q. On page 77 of his testimony DAAO witness Schott states, “Second, I recommend
11 that the MPSC set a firm timeline for DTE to begin these reports by census tract
12 and zip code. Assuming DTE already has this data available, the Company could
13 produce reports within thirty to sixty days.”⁵ What is Staff’s response to this
14 second recommendation?

15 A. The Commission has ordered Staff to continue to move towards zip code and
16 census track level data: recommendation 2.6 of the December 21, 2023, U-20757
17 Commission order. Staff is currently in discussions on how to move towards
18 collecting shut off and arrearage data in this form, per the order.⁶

19 Q. On page 78 of his testimony, DAAO witness Schott states, “I recommend that the
20 MPSC require DTE to provide all reports in publicly accessible and analyzable
21 format, namely .csv or .xlsx. In many cases, DTE provides only PDFs which

⁴ <https://www.michigan.gov/mpsc/regulatory/reports/other/utility-customer-data>

⁵ DAAO witness Justin Schott direct testimony, p 77.

⁶MPSC Case No. U-20757, 12/21/2023 Order, p 28.

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1 cannot easily be converted. These files require extensive cleaning, which
2 materially burdens intervenors and introduces further opportunities for error.”⁷

3 What is Staff’s response to this third recommendation?

4 A. The MPSC makes the monthly Shut off and Arrearage data report publicly
5 available on its website.⁸ This is done to help Staff and the public analyze the
6 data from the report. Staff plans to continue to make the new Quarterly report
7 available in the same way. To ask any utility to keep changing the format in
8 which they provide data for reporting purposes seems excessive and burdensome.
9 The Commission has taken steps to make this data more publicly available in an
10 easy to use form.

11 Q. What is Staff’s recommendation to the Commission, in response to the above
12 recommendations made by DAAO?

13 A. Staff recommends the Commission continue with the current work ordered
14 through the Case number U-20757, December 21, 2023 order.

15 Q. What recommendations are you addressing regarding non-energy benefits as put
16 forth by DAAO witness Makhijani in direct testimony?

17 A. I am addressing three recommendations put forth by DAAO witness Makhijani’s
18 direct testimony each of which addresses the non-energy benefits of energy
19 affordability.⁹

20 Q. What is DAAO witness Makhijani’s first recommendation?

⁷ DAAO witness Justin Schott direct testimony, p 78.

⁸ <https://www.michigan.gov/mpsc/regulatory/reports/other/utility-customer-data>

⁹ DAAO witness Makhijani direct testimony, p 56-58

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1 A. In direct testimony, DAAO witness Makhijani states that, “It is essential to
2 include the non-energy benefits of affordable energy into ratemaking. The data
3 may be scattered and incomplete, but everything indicates that non-energy
4 benefits are huge.”¹⁰

5 Non-energy benefits as described in DAAO witness Makhijani’s direct testimony
6 include avoided household costs of ill-health and of becoming unhoused and its
7 attendant costs; and avoided costs to society such as costs of shelter for the
8 unhoused, added emergency room visits, and increases in taxes and health
9 insurance premiums. Makhijani then lays out positive non-energy benefits as
10 better health and increased productivity for households and for society as a
11 whole.¹¹

12 When describing how non-energy benefits could be incorporated into rate making
13 DAAO witness Makhijani states:

14 *given that the principle of factoring in non-energy benefits is accepted for*
15 *efficiency improvements in utility regulatory proceedings and that exactly*
16 *the same economic principles and reasoning apply to the issue of*
17 *universal affordability, there is a case for factoring in the costs of*
18 *assistance and investments into rate cases. This is also an approach that is*
19 *available to the Commission. But other approaches may be more*
20 *equitable, such as progressive income taxes, or taxing the corporations*
21 *that would benefit most, such as health insurance companies and hospitals*
22 *that would have fewer uncompensated emergency room visits, or hedge*
23 *funds that own large numbers of rental units which would recover rent*
24 *more regularly and have lower turnover of tenants. If rates are the vehicle*
25 *for funding the gap, it should be as an operating cost on all electricity*
26 *sold, rather than only on residential electricity, given that a wide variety*
27 *of non-low-income entities benefit.*¹²

¹⁰ DAAO witness Makhijani direct testimony, p 56

¹¹ DAAO witness Makhijani direct testimony, p 11

¹² DAAO witness Makhijani direct testimony, p 28-29

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1 Q. What is your response to DAAO witness Makhijani’s first recommendation on
2 non-energy benefits?

3 A. Many non-energy benefits lack standardized measurement methodologies. For
4 example, assigning a monetary value to improved health outcomes or the benefits
5 of remaining in one’s home can be highly subjective and vary significantly
6 depending on the methodology used. In addition, this complexity and the inherent
7 uncertainty can lead to variable and subjective estimates that may not be reliable.
8 In his argument, DAAO witness Makhijani states that, “...the principle of
9 factoring in non-energy benefits is accepted for efficiency improvements in utility
10 regulatory proceedings.”¹³ This is not the case in Michigan where utilities have
11 provided societal costs tests in energy efficiency proceedings as references but
12 utility EWR portfolios are only required to meet the Utility Resource Cost Test.
13 PA 229 of 2023 provides:

14 *Sec. 73, (2)the commission determines that the energy waste reduction plan*
15 *meets the utility system resource cost test and is reasonable and prudent.*

16 *Sec. 89 (1)not recoverable unless those costs are reasonable and prudent and*
17 *meet the utility system resource cost test.*

18 *Sec. 95 (3)reasonable and prudent and meet the utility systems resource cost*
19 *test.*

20
21 And [Act 235 of 2023](#) states:

22 *Sec. 13 (c) ...Utility system resource cost test” means a standard that is*
23 *met for an investment in energy waste reduction if, on a life cycle basis,*
24 *using a real societal discount rate based on actual long-term United*
25 *States treasury bond yields, the total avoided supply-side costs to the*
26 *provider, including representative values for electricity or natural gas*
27 *supply, transmission, distribution, and other associated costs, are greater*
28 *than the total costs to the provider of administering and delivering the*

¹³ DAAO witness Makhijani direct testimony, p 27

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1 *energy waste reduction program, including net costs for any provider*
2 *incentives paid by customers and capitalized costs recovered under*
3 *section 89.*
4

5 Therefore, there is no accepted methodology for quantifying or evaluating non-
6 energy benefits from legislatively mandated energy waste reduction program
7 proceedings that can be extrapolated to the affordability of rates in electric rate
8 case proceedings in Michigan.

9 DAAO witness Makhijani also states that approaches outside of rate regulation
10 may be more equitable such as progressive income taxes or taxes on corporations
11 that benefit from customers having affordable rates.¹⁴ This vague assertion points
12 to the complexity of addressing non-energy benefits when determining rates when
13 the causes of non-energy benefits (avoided costs or positive benefits) involve
14 broader societal issues which may not fit solely within the Commission’s
15 purview.

16 DAAO witness Makhijani also states, “the data is scattered and incomplete,”
17 when referring to quantifying non-energy benefits.¹⁵ This statement underscores
18 the difficulty of assessing non-energy benefits in the instant case.

19 In summary, while non-energy benefits may be important to understand energy
20 bills’ impact on other aspects of a customer’s life, their inclusion in ratemaking
21 poses methodological and regulatory challenges that may outweigh the perceived
22 advantages, therefore, Staff recommends the Commission reject DAAO witness
23 Makhijani’s recommendation.

¹⁴ DAAO witness Makhijani direct testimony, p 27-28

¹⁵ DAAO witness Makhijani direct testimony, p 56

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1 Q. What is the next recommendation of DAAO witness Makhijani you will be
2 responding to?

3 A. In his second recommendation in direct testimony, DAAO witness Makhijani asks
4 the Commission to “conduct or commission a comprehensive study that would
5 quantify non-energy benefits. The results must include the costs of unaffordable
6 energy as much as possible and estimate the benefits of achieving universal
7 affordability.” He further asserts that “such a study should not delay the
8 implementation and universalization of affordable electricity, given the magnitude
9 of the non-energy costs of unaffordable energy.”¹⁶

10 Q. What is your response to DAAO witness Makhijani?

11 A. As stated previously, quantifying and tracking non-energy benefits of
12 affordability is complex with no accepted methodology for standardizing
13 quantification or tracking. It is also unclear how quantifying and tracking non-
14 energy benefits could inform or influence ratemaking outside of simply bolstering
15 an argument that energy affordability has a positive impact on customers, which
16 DAAO witness Makhijani’s testimony made clear. In addition, many of the non-
17 energy benefits of affordability are not solely within the Commission’s
18 jurisdiction, including remedies such as energy assistance through the federal
19 Low-Income Home Energy Assistance Program, affordable housing, and
20 affordable medical insurance and costs.

¹⁶ DAAO witness Makhijani direct testimony, p 56 -57

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1 If the Commission chooses to accept this recommendation, Staff notes that any
2 process exploring the applicability of non-energy benefits in affordability should
3 be considered consistently across the regulatory environment and not just
4 considered in this instant case alone. A process which likely would require
5 additional data collection, analysis, and interested parties’ engagement and could
6 ensure a uniform approach across investor-owned utilities.

7 Q. What is the third recommendation by DAAO witness Makhijani you are
8 responding to?

9 A. In his third recommendation in direct testimony, DAAO witness Makhijani asks
10 the Commission to “devote resources to quantifying and tracking non-energy
11 benefits experienced by those whose energy has become affordable, especially
12 among those who now have very high energy burdens (above 15%) and also those
13 experienced by society in the form of reduced costs of social and medical
14 services.”¹⁷

15 Q. What is your response to DAAO witness Makhijani’s recommendation?

16 A. As stated previously, quantifying and tracking non-energy benefits is complex
17 with no accepted methodology for standardizing quantification or tracking. The
18 process mostly likely would require additional data collection, analysis, and
19 interested parties’ engagement and may not yield timely or actionable results. If
20 the Commission chooses to accept this recommendation, Staff recommends that it
21 be linked to any process for understanding non-energy benefits in affordability.

¹⁷ DAAO witness Makhijani direct testimony, p 56

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1 | Q. Does this conclude your rebuttal testimony?

2 | A. Yes.

STATE OF MICHIGAN
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DTE ELECTRIC COMPANY)	
for authority to increase its rates, amend)	
its rate schedules and rules governing the)	Case No. U-21534
distribution and supply of electric energy, and)	
<u>for miscellaneous accounting authority</u>)	

PROOF OF SERVICE

Melissa S. Siemen, being duly sworn, deposes and says that on August 16, 2024, A.D., she emailed a copy of the attached MPSC Rebuttal Testimony to the persons as shown on the attached list.

Melissa S. Siemen

Melissa S. Siemen

Subscribed and sworn to before me this
16th day of August 2024.

Jillian Bowden

Jillian Bowden, Notary Public State of
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