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September 25, 2024

Via E-Filing

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 West Saginaw Highway
Lansing, MI 48917

RE: MPSC Case No. U-21291

Dear Ms. Felice:

Please find enclosed the Exceptions to Proposal for Decision on Behalf of Frontline Organizations (Soulardarity, Urban Core Collective, and We Want Green, Too), along with proof of service for electronic filing in the above-referenced matter.

Please do not hesitate to contact my office with any questions or comments.

Sincerely,

/s/ Jacob Schuhardt

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xc: Parties to Case No. U-21291

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **DTE GAS COMPANY** for authority to increase its rates, amend its rate schedules and rules governing the distribution and supply of natural gas, and for miscellaneous accounting authority

Case No. U-21291

ALJ Jonathan F. Thoits

EXCEPTIONS ON BEHALF OF

SOULARDARITY, URBAN CORE COLLECTIVE AND WE WANT GREEN, TOO

(COLLECTIVELY THE “FRONTLINE ORGANIZATIONS”)

September 25, 2024

TABLE OF CONTENTS

I. INTRODUCTION..... 1

II. ARUGMENT..... 2

 A. The Commission should not decouple affordability from rate cases by sending the issue to the EAAC..... 4

 B. The Commission should order the Company to advertise its affordability programs more effectively..... 9

 C. The ALJ’s rejection of FLO’s proposal to increase the LIA credit more substantially is unsupported.....11

III. CONCLUSIONS AND PRAYERS FOR RELIEF 16

I. INTRODUCTION

Soulardarity, Urban Core Collective, and We Want Green, Too (collectively the Frontline Organizations or FLO) agrees with much of the reasoning in the Proposal for Decision (PFD). For example, FLO applauds the PFD's rejection of the Company's requested ROE and the recovery of the Company's corporate memberships.¹

However, there are several issues in the PFD that require reconsideration or more clarity. FLO takes exception to the PFD regarding the following issues:

- A. Affordability: The Commission should not postpone addressing the urgent affordability crisis. Low-income customers are suffering and need relief now, not months or years from now after the Commission's working groups have made their recommendations and the utilities have finally acted. Rather than directing all discussion of affordability and assistance programs to its working groups, the Commission should take action in this rate case. Should the Commission continue to believe that waiting for the EAAC to complete its analysis and provide a recommendation before enacting overarching affordability reform is prudent, the Commission should order a moratorium on shutoffs for nonpayment to limit the harm to people in DTE Gas's service territory until the EAAC provides its recommendation.
- B. Customer Education: The PFD incorrectly refused to consider FLO's requests to require the Company to improve its advertising and customer outreach efforts relating to the Company's assistance programs. As the Commission has previously required energy utility companies to improve their customer outreach on similar topics, the

¹ Proposal for Decision [hereinafter PFD] at 226–27, 279.

Commission need not relegate such decisions to the EAAC and should instead order in this rate case that DTE Gas improve its customer education efforts relating to its assistance programs.

- C. LIA Credit: The PFD approves the Company's request to increase its LIA credit, finding it appropriate to do so in this rate case. If the Commission refuses to return consideration of broader reforms to the LIA in this rate case, the Commission should at least approve a larger increase to the Company's LIA credit to 70% of the typical customer's customer and distribution charges.

II. ARGUMENT

Michigan is currently facing an energy affordability crisis. The impacts of this crisis are significant, and the need to find a solution is urgent. Director of the Energy Equity Project and Lecturer of Energy Justice at the University of Michigan Justin Schott estimates that the gap between what Michigan customers can afford to pay and the rates charged is in excess of \$600 million.² Unaffordable energy bills cause ratepayers to have to choose between paying their energy bills or paying for other necessities such as food or medicine.³ In addition, the inability to pay utility bills often leads customers to resort to predatory loans that charge exorbitant interest rates, trapping customers in a cycle of poverty.⁴ The lack of appropriate bill assistance has resulted in increased shutoffs, which demonstrably leads to additional negative health impacts for people unable to heat their homes.⁵ Even the threat of shutoffs can cause customers to reduce

² See Schott Direct Testimony at 4 TR 1093.

³ Soulardarity, Urban Core Collective, and We Want Green, Too (Frontline Organizations (FLO)) Initial Brief [hereinafter FLO Initial Brief] at 22.

⁴ *Id.* at 22–23; see also Cira-Reyes Direct Testimony at 4 TR 1163–64.

⁵ FLO Initial Brief at 24.

their energy consumption by keeping their homes at unhealthy temperatures, resulting in harmful effects to customers with illnesses such as respiratory or heart conditions.⁶

In this case, the parties largely agree that the Company's current assistance offerings are insufficient to address customers' current affordability challenges and that action is needed to address them. As FLO argued in its initial brief, the Company's current offerings "fails to address the scale and scope of the affordability crisis."⁷ DTE appears to agree at least to an extent, proposing to increase its LIA credit in order to provide "urgently require[d] bill relief[.]"⁸ Staff agrees about the unaffordability of energy as well, as stated by the ALJ: "this PFD notes that Staff agrees that Michigan's most vulnerable customers would benefit from additional assistance and is not persuaded that DTE provides the comprehensive analysis and diverse, collaborative input the Commission is looking for to inform utility energy assistance changes."⁹ In recommending that the LIA credit be raised, the ALJ states their agreement that an increase is in the interests of customers in urgent need of additional assistance.¹⁰ In other words, FLO, DTE, Staff, and the ALJ all agree in this case that more should be done to improve the Company's assistance programs.

What parties disagree on is the timing and scale. DTE proposes a minimal change to the LIA credit that is too small to address the affordability crisis. Staff, meanwhile, proposes what amounts to a continuation of the Commission's years-long de facto moratorium on any changes to assistance programs that could ease ratepayers' suffering from an unaffordable energy

⁶ *Id.* See also Ex. FLO-121, Sonal Jessel et al., Energy, Poverty, and Health in Climate Change: A Comprehensive Review of an Emerging Literature, 7 FRONTIERS IN PUB. HEALTH (2019), at 6.

⁷ FLO Initial Brief at 57.

⁸ Sparks Rebuttal Testimony at 4 TR 2238; Sparks Direct Testimony at 4 TR 2230–31.

⁹ PFD at 393–94.

¹⁰ *Id.* at 393.

burden.¹¹ The ALJ, in their PFD, recommends a middle ground, approving the Company's requested increase to the LIA credit because it would not "incur[] costly expenditures[,]""¹² while still rejecting any more meaningful assistance to struggling ratepayers.¹³ While FLO agrees with the need to increase the value of the LIA credit, the ALJ's recommendation is an insufficient substitute for the Commission taking reasonable action on the issue of affordability.

Given the urgency of the affordability crisis, the Commission should consider affordability in this rate case where the Commission can effectively take action to address the crisis. To the extent that the Commission refuses to consider any holistic action to alleviate the energy burden on overburdened customers, FLO requests that the Commission at least substantially increase the LIA credit and require DTE Gas to educate its customers better on the Company's existing assistance programs.

A. The Commission should not decouple affordability from rate cases by sending the issue to the EAAC.

When setting rates, the Commission "may look at all relevant factors in exercising its broad discretion to determine a just and reasonable rate."¹⁴ Michigan statute commands the Commission to consider, among other things, the "value of service to the consumer."¹⁵ For example, in this case, the PFD supports disallowing the Company to recover on corporate membership expenses.¹⁶ The ALJ correctly found that DTE had not justified the cost to consumers because the "benefits gained from these memberships indicate apparent overlaps and

¹¹ See Michigan Public Service Commission Staff Initial Brief at 33 ("the information presented in Staff witness Braunschweig's direct testimony serves only as evidence that energy assistance reform work is ongoing elsewhere outside of rate cases and should remain as such.").

¹² PFD at 393.

¹³ See *id.* at 393–94.

¹⁴ *Ass'n of Bus. Advocating Tariff Equity v. Pub. Serv. Comm'n*, 208 Mich. App. 248, 259 (1994).

¹⁵ MCL § 460.557(2).

¹⁶ PFD at 279.

redundancies among the different memberships.”¹⁷ In every case, just as with this case, the Commission and ALJs direct their attention to broadly defined customer interests when determining a just and reasonable rate.

Affordability is of paramount customer interest. When energy is unaffordable, it causes a cascade of negative consequences that include burdening mental and physical health and foregoing necessities such as food and medicine.¹⁸ As FLO has demonstrated in this case, many customers are forced to choose between heating their homes, and paying for necessities such as food, or choosing to “heat or eat.”¹⁹ Ensuring that customers need not make these choices is critical to customer interests. There are few things that take as great a priority as one’s ability to afford necessities. Above all, the reason why rate-regulated utilities exist is to ensure customers reap the benefits of energy without paying monopolistic prices. If consumers cannot afford the benefits of energy, then the Commission cannot claim that it is balancing consumer and shareholder interests; whatever benefits in infrastructure and services the Commission provides by regulating the utility, the customer will be unable to enjoy them. The Commission cannot sideline the issue while maintaining its sincere commitment to balancing investor and customer interests. Put simply, an unaffordable rate is an unjust rate. As the Commission is responsible for setting just rates, the Commission must consider affordability.

The Commission has refused to take any meaningful action to address the affordability crisis for years. In its November 18, 2022 Order in Case No. U-20836, the Commission wrote that “the Commission understands the calls for urgency expressed by the DAAOs and recognizes

¹⁷ *Id.*

¹⁸ FLO Initial Brief at 22. Unaffordable energy also imposes costs on other customers, because the other customers ultimately shoulder the arrearages of those customers who cannot afford the energy they consume.

¹⁹ Cira-Reyes Direct Testimony at 4 TR 1163.

that energy affordability is a critical issue for many DTE Electric ratepayers,” but it refused to implement any solutions to energy unaffordability, instead sending affordability issues to be considered by the EAAC.²⁰ Since then, the Commission has largely refused to consider affordability issues at all in rate cases.²¹ FLO files this brief on September 25, 2024, almost two years after the Commission’s Order acknowledging the urgency of affordability issues, and more than three and a half years since the Commission directed Staff to begin work in the EAAC.²² After years of refusing to address the affordability crisis in rate cases, instead promising solutions from the EAAC, what does the Commission have to show for it? Energy insecurity has continued to get worse,²³ and shutoffs due to non-payment have increased.²⁴ Rates continue to rise²⁵ while the Commission refuses to formally consider the fact that ratepayers cannot afford such increases. The Commission’s current path has not resulted in positive changes for the people of Michigan, and the people of Michigan need the Commission to change tact with appropriate urgency.

The Commission has failed to strike an appropriate balance between waiting for results from the EAAC and providing tangible relief to ratepayers. In its Order in Case No. U-21389, the Commission ordered, as this PFD recommends, that affordability should be “addressed

²⁰ *In re DTE Electric Co.*, MPSC Case No. U-20836, MPSC Order (Nov. 18, 2022) [hereinafter U-20836 MPSC Order], at 407.

²¹ See *In re Consumers Energy Co.*, MPSC Case No. U-21389, MPSC Order (Mar. 1, 2024) [hereinafter U-21389 MPSC Order], at 289 (“To date, the topic of affordability has been addressed through the EAAC workgroup and its subcommittees, which the Commission finds should continue at this time.”); *In re DTE Electric Co.*, MPSC Case No. U-21297, MPSC Order (Dec. 1, 2023) [hereinafter U-21297 MPSC Order], at 362 (“The Commission appreciates the emphasis on the affordability of utility services for LMI customers raised in the testimony provided by the DAAOs” but refuses to take any action on the issue).

²² See *In re Response to COVID-19 Pandemic*, MPSC Case No. U-20757, MPSC Order (Feb. 18, 2021) [hereinafter U-20757 MPSC Order], at 15.

²³ Schott Direct Testimony at 4 TR 1084–86, Figures 2-4.

²⁴ *Id.* at 1096, Figure 10.

²⁵ See, e.g., U-21297 MPSC Order at 370–71 (approving a \$368,115,000).

through the EAAC workgroup and its subcommittees.”²⁶ In that order, the Commission stated that “EAAC workgroup and subcommittees allow for the consideration of the many issues affecting affordability *without the strict time constraints imposed by statute* (MCL 460.6a(5)) and where the views and voices of all persons can be openly heard and considered on the issue, not just those that are parties in a contested case.”²⁷ FLO actively encourages the Commission to make decisions when it has access to data and it hears the voices of community members. Indeed, FLO’s core principles are based on public engagement and energy democracy.²⁸ However, as noted above, the affordability crisis is urgent, and the Commission has not provided any relief for years. While the EAAC remains unbound by the “strict time constraints” of a rate case, the people of Michigan continue to be bound by the even stricter time constraints of utility bills due each month. By offering at least some relief as rate cases such as this come before the Commission, the Commission can address at least some of the affordability crisis while still considering the data and findings of the EAAC over a broader time horizon.²⁹

Based on the EAAC’s current pace, the Commission should reconsider its reliance on the EAAC for advancing its affordability policies. As noted above, the EAAC has failed to address the affordability crisis with the sense of urgency that the issue demands. FLO believes this is structural to how the EAAC is organized. The EAAC and AAA subcommittee in particular lack meaningful participation from frontline households most affected by these issues.³⁰ As noted in FLO’s initial brief, “occasional attendance by consultants and allies does not constitute the kind

²⁶ U-21389 MPSC Order at 289.

²⁷ *Id.* (emphasis added).

²⁸ *See, e.g.*, Cira-Reyes Direct Testimony at 4 TR 1157.

²⁹ The Commission should feel comfortable providing such relief, as the evidence in this case demonstrates that there is ample capacity within the rate base to absorb the cost of providing affordability. *See* Schott Direct Testimony at 4 TR 1092-93.

³⁰ Koepfel Rebuttal Testimony at 4 TR 1045.

of long-term, sustained and meaningful community engagement that is necessary to craft solutions that meet the needs of frontline and underserved communities.”³¹ If the Commission’s vision of the EAAC is to create a space where “the views and voices of all persons can be openly heard and considered on the issue,” then it has yet to accomplish that goal.³² Indeed, beyond the EAAC’s failure to engage frontline and underserved communities sufficiently, it also has failed to result in any measurable progress on affordability or shutoffs.³³ Until the EAAC makes meaningful progress in addressing these issues and addresses structural concerns over community participation, the Commission should not tie its hands and wait for the EAAC to make a recommendation to act.

Should the Commission still want to provide more time for the EAAC to collect information and provide a proposal before ruling on affordability issues, despite the issues raised by FLO, the Commission should protect ratepayers during that time by ordering a moratorium on harmful shutoff practices until the EAAC has completed its review and recommendations. In its initial brief, FLO argued that the Commission should implement a moratorium on shutoffs for non-payment until the affordability working groups have completed their recommendations.³⁴ The ALJ in his PFD, however, did not provide a recommendation on that request, instead only finding that affordability issues should continue to be resolved through the EAAC and AAA.³⁵

The record in this case shows that implementing a moratorium on shutoffs for nonpayment would be both reasonable and prudent. First, actions in other jurisdictions suggest that a shutoff

³¹ FLO Initial Brief at 61. One of the reasons that the EAAC has not been able to engage community members is that there is no compensation for people’s time or expenses for participation. *See* Schott Direct Testimony at 4 TR 1073.

³² U-21389 MPSC Order at 289.

³³ Schott Direct Testimony at 4 TR 1125.

³⁴ *See* Flo Initial Brief at 81–83.

³⁵ PFD at 410–11.

moratorium is feasible for the utility with minimal losses. In California, the California Public Utilities Commission (CPUC) instituted a pause in shutoffs while developing its own comprehensive shutoff policy.³⁶ CPUC found that “it is reasonable to impose restrictions prohibiting disconnections”³⁷ and that the utilities failed to show “the interim rules will result in any incremental costs to them.”³⁸ In this case, the Company has not demonstrated that the financial cost of a moratorium would be unjust and unreasonable nor has it met its burden that its shutoff practices are reasonable and necessary.³⁹ If the Commission wishes to accomplish its goals of balancing shareholder and consumer interests as well as give the EAAC time before instituting major changes, then this rule would serve all of those ends; the EAAC could continue operating on its own timeline while the worst impacts of the affordability crises would be mitigated. The alternative, continuing to impose ever higher rates on customers who cannot afford current rates, initiating even more shutoffs and asking those same customers to continue to wait for years on end for the Commission’s working groups is manifestly contrary to the interest of DTE’s customers.

B. The Commission should order the Company to advertise its affordability programs more effectively.

The PFD correctly notes that the Company’s outreach on its energy assistance programs may not be “adequate[.]” but believes that this rate case is not the appropriate forum to address these issues.⁴⁰ Instead, the PFD recommends that “interested/invested parties in the EAAC

³⁶ FLO Initial Brief at 81.

³⁷ Ex. FLO-164, Phase I Decision Adopting Rules and Policy Changes to Reduce Residential Customer Disconnections for the Larger California-jurisdictional Energy Utilities, Decision 20-06-003 (June 11, 2020), at 1.

³⁸ Ex. FLO-163, ACEVES GUZMAN, DECISION ADOPTING INTERIM RULES TO REDUCE RESIDENTIAL CUSTOMER DISCONNECTIONS FOR CALIFORNIA-JURISDICTIONAL ENERGY UTILITIES (2018), at 10.

³⁹ See FLO Initial Brief at 81–83; Mich. Admin Code R. 460.105.

⁴⁰ PFD at 394.

workgroups as well as all investor-owned utilities will lead to the most informed positions and decisions on this matter.”⁴¹ This position is misguided because rate cases have always addressed issues of sufficient customer service and customer outreach.

The Commission should review the PFD’s reasoning, find that the Company’s assistance programs are not adequately advertised, and order relief. As FLO Witness Watts stated in her direct testimony, prior to her involvement in this rate case, she was unaware of the existence of DTE Gas’s Customer Assistance Days (CADs), Customer Resource Fairs (CRFs), LIA credits, RIA credits, or PSP pilot⁴² despite being enrolled in the LSP program.⁴³ Furthermore, she only learned about and enrolled in the LSP program after speaking with the Michigan Department of Health and Human Services.⁴⁴ Her experience is not unique.⁴⁵ At the very least, as it relates to the issue of LIA credits, the Company neither lists the LIA credit as a possible assistance option on its “Payment Assistance Programs” brochure nor on its website.⁴⁶ Considering all of these shortcomings, the conclusion that the Company’s outreach is insufficient is inescapable.

The Commission has previously found it appropriate to order action relating to public engagement and customer education in rate cases. For example, in case No. U-21389, the PFD recommended that Consumers Energy “be directed to continue to hold outreach events, providing customers with rate case and assistance information and an opportunity to offer feedback soon after the filing date of the company’s next rate case.”⁴⁷ The Commission again

⁴¹ *Id.*

⁴² Watt’s Direct Testimony at 4 TR 1246–47.

⁴³ *Id.* at 4 TR 1244.

⁴⁴ *Id.* at 4 TR 1242–43.

⁴⁵ Cira-Reyes Direct Testimony at 4 TR 1182–83.

⁴⁶ *Id.* at 4 TR 1174; Ex. FLO-227, DTE, 2023-2024 *Payment Assistance Programs*; Ex. FLO-228, DTE, *Low-Income Programs*, <https://perma.cc/7TQU-XLA5>.

⁴⁷ *In re Consumers Energy Co.*, MPSC Case No. U-21389, Proposal for Decision (December 21, 2023) [hereinafter U-21389 PFD] at 594. In the previous Consumers Energy electric rate case U-21224, parties settled. As part of the agreement, Consumers Energy agreed to hold additional outreach events to

found the ALJ’s recommendation “well-reasoned and supported by the record” and adopted the PFD’s stance.⁴⁸ In other words, the Commission has already set a precedent that ordering the utility to improve its outreach, including when the subject of the outreach is related to customer education on available assistance programs, is appropriate in a rate case. The Commission should reject the ALJ’s recommendation to ignore these issues in the present case and instead order the Company to improve its customer education efforts here as well.

Even if the Commission agrees that all substantive discussions of affordability do not belong in a rate case, the issue of customer education more specifically does not need to be delegated to the EAAC. Indeed, the Commission could find that affordability issues belong in the affordability working group but still order improvement in customer education relating to the Company’s current assistance programs in this case.

C. The ALJ’s rejection of FLO’s proposal to increase the LIA credit more substantially is unsupported.

The ALJ provides no reasoning for rejecting FLO’s proposal to increase the LIA credit to cover 70% of the typical customer’s customer and distribution charges. In recommending that the Commission increase the LIA credit from \$30 to \$40, the ALJ notes that this change can be made because the change would not “incur[] costly expenditures” and that “this increase does not involve a change to the structure of the eligibility requirements or recovery mechanisms.”⁴⁹ Both of these also apply to FLO’s request for a larger increase to the amount of the LIA credit, but the ALJ failed to provide any indication of why they recommended rejecting FLO’s proposal.

educate their customers on the rate case process and what affordability programs were available. *In re Consumers Energy Co.*, MPSC Case No. U-21224, Settlement Agreement (December 22, 2022) [hereinafter U-21224 Settlement Agreement], at 10. In U-21389, the Commission saw the merit in continuing to require outreach events.

⁴⁸ U-21389 MPSC Order at 305.

⁴⁹ PFD at 393.

First, increasing the size of the LIA credit would not involve a change to the eligibility requirements or recovery mechanisms of the credit. There is no evidence in the record that FLO's proposal to raise the LIA to cover 70% of a typical customer's customer and distribution charges would involve an alteration of how many customers are eligible for the credit, nor is there any evidence that such an increase would impact the manner in which the Company recovers the value of the credit. As such, this reasoning appears to follow for FLO's proposal just as strongly as it does for DTE's proposal.

Second, the record shows that DTE could increase the LIA credit further without "incurring costly expenditures." Indeed, DTE itself stated that the Company's goal is to maintain an LIA credit that covers 70% of the typical customer's customer and distribution charges,⁵⁰ suggesting that it does not view the cost as overly burdensome. When asked why the Company did not propose an increase beyond \$40 in this case, none of the Company's justifications related to the potential for costly expenditures.⁵¹ Indeed, the ALJ does not find that increasing the credit in such a way would result in costly expenditures on a magnitude significantly different from DTE's recommended increase. Without such a finding, the ALJ has provided no reason not to increase the LIA credit to FLO's proposed level.

⁵⁰ Sparks Direct Testimony at 4 TR 2231. Witness Sparks' testimony states, "As rates change, DTE plans to maintain an LIA that will offset approximately 70% of a customers [*sic*] distribution charges, assuming 10 Mcf usage," which does not mention customer charges. However, given the context of that paragraph, FLO has been treating the omission of the customer charges as a typographical error. The distribution charges would be significantly smaller than the customer and distribution charges, *see* Ex. A-16, Schedule F5.1 at 23, and the rest of the paragraph refers to both. *See* Sparks Direct Testimony at 4 TR 2330–31. Similarly, the Company's response to FLO's discovery questions on why the Company did not consider raising the LIA credit further references 70% of a typical customer's bill. *See* Ex. FLO-222, DTE Gas's Response to FLO's Second Discovery Request, FLODG-2.3b–2.4b at 1. No briefing or rebuttal testimony in this case conflicts with FLO's interpretation.

⁵¹ *See* Ex. FLO-222, DTE Gas's Response to FLO's Second Discovery Request, FLODG-2.3b–2.4b at 1. See discussion in the next paragraph of the four reasons DTE gave as to why it did not request an increase beyond \$40 in this case.

Furthermore, as discussed in more detail in FLO’s initial brief, none of DTE’s justifications for refusing to raise the value of the LIA credit to cover 70% of the typical customer’s customer and distribution charges in this case are valid.⁵² DTE provides four reasons for why it did not request an increase beyond \$40 in this case, despite its apparent goal to provide an LIA credit that covers 70% of the typical customer’s customer and distribution charges.

First, while DTE argues that it was unable to propose a credit that covers 70% of a typical customer’s bill because it does not know what rate will be set in this rate case,⁵³ the Commission will know what rate will be set when it issues its order, and so it will have the power to conduct the relatively simple calculation at that time. Conversely, the Commission could order the Company to conduct the calculation after the rate is set. Setting an increase at \$40 because the Company could not calculate the exact number for a credit that covers 70% of the relevant charges when the Company is well aware that the credit will likely need to be substantially higher is nonsensical.

The Company’s second justification, that it proposed an increase to \$40 specifically because DTE Electric’s LIA credit is set at \$40,⁵⁴ is also unconvincing. First, DTE does not explain why matching the value of the LIA credits across gas and electric companies is important.⁵⁵ However, even if there were some value in this consistency, DTE Gas’s argument would be implausible. While DTE Electric’s current LIA credit is set at \$40, in the current DTE Electric rate case (MPSC Case No. U-21534), DTE Electric has requested to increase the value of its LIA credit to \$50.⁵⁶ If there were value to consistency, DTE Gas should be proposing an increase to \$50

⁵² See FLO Initial Brief at 62–63.

⁵³ Ex. FLO-222 at 1.

⁵⁴ *Id.*

⁵⁵ See *Id.* (stating only that “Another factor was the \$40 DTE Electric LIA credit.”)

⁵⁶ *In re DTE Electric Co.*, MPSC Case No. U-21534, Sparks Direct Testimony (Mar. 28, 2023), at 19.

consistent with DTE Electric. Indeed, given DTE Gas's indication that the Company's goal is to cover 70% of the typical customer's customer and distribution charges,⁵⁷ if the requested rate relief is approved in this case, a \$50 LIA credit would be closer than a \$40 dollar credit.⁵⁸ Given that the Company did not request to raise the value of the credit to \$50, it seems that DTE Gas does not believe that there is value to consistency either.

Third, the Company makes the argument that \$40 would cover 70% of "the non-commodity bill based current (U-20940) base rates."⁵⁹ Whether this is true or not, DTE Gas has requested a significant rate increase in this case.⁶⁰ Given that a simple calculation could determine what 70% of the relevant charges for the typical customer are after any rate increase is approved, it is unclear why covering 70% of current rates would be a controlling factor in setting the value of the LIA credit.

Finally, the Company improperly relies on a Commission's preference for gradual change in its decision not to raise the LIA credit to a higher amount. Specifically, in a discovery response, Witness Sparks notes, "Many times the Commission prefers to implement changes gradually. Proposing a \$10 increase as opposed to a \$15 increase would allow for a more gradual change."⁶¹ In this way, the Company appears to be shifting the blame for not proposing an appropriate increase to the LIA credit to the Commission. To the extent that Witness Sparks is correct about the Commission's preference for "gradualism," the Commission should not allow that preference to prevent it from approving an appropriate LIA credit increase. As discussed in

⁵⁷ Sparks Direct Testimony at 4 TR 2231.

⁵⁸ The Company noted that a \$45 dollar credit would cover 68% of the charges, indicating that \$50 is closer to 70% of the current charges than \$40 would be. *See* Sparks Direct Testimony at 4 TR 2230.

⁵⁹ Ex. FLO-222 at 1.

⁶⁰ DTE Gas is requesting to rate relief of \$266 million. *See* DTE Gas Company's Application, Proposed Notice of Hearing, Proposed Protective Order, Proposed Nondisclosure Certificate, Testimony, and Exhibits, MPSC Case No. U-21291 (Jan. 1, 2024) Attachment 1.

⁶¹ Ex. FLO-222 at 1.

briefing, such delays are injurious to people living in DTE Gas’s service territory.⁶² A delay in providing sufficient support will result in an increase in the number of customers who are trapped in the cycle of poverty, are unable to afford necessities, and who choose to keep their homes at unsafe temperatures.⁶³

Given this context, it is unclear how the benefits of a more gradual approach could outweigh the increase in suffering additional delay would cause. There is sufficient evidence in the record to approve a larger increase to the LIA credit. Furthermore, as discussed above, such an increase does not impact eligibility requirements or recovery mechanisms, and the Company does not appear to view a credit covering 70% of a typical customer’s customer and distribution charges as overly burdensome.⁶⁴ As such, the Commission should not let an amorphous preference for gradual change stop the Company from providing urgently needed support to struggling customers.

FLO requests that the Commission order the Company to raise the value of its LIA credit more than \$40 per month, and it further requests that the value of the credit be set to 70% of the typical customer’s customer and distribution charges.

⁶² See FLO Initial Brief at 22–25.

⁶³ *Id.*; see discussion *supra* p. 1–2.

⁶⁴ As discussed above, Witness Sparks has noted that the Company has previously provided a credit that covered 68% of the relevant charges and appears to include a goal to increase the LIA credit to cover 70% of the relevant charges. See Sparks Direct Testimony at 4 TR 2230–31.

III. CONCLUSIONS AND PRAYERS FOR RELIEF

Consistent with the concerns and positions articulated above, the Frontline Organizations respectfully request that the Commission approves the recommendations in the PFD subject to the exceptions identified here and the positions taken by FLO in its Initial and Reply Briefs.

- I. With respect to affordability, the Commission should not decouple issues of affordability from this rate case.
- II. With respect to customer education, the Commission should order the Company to improve its customer outreach over what assistance programs are available to customers.
- III. With respect to LIA credits, the Commission should raise the LIA credit beyond the \$40 that the Company requested.

Date: September 25, 2024

/s/ Jacob Schuhardt

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STATE OF MICHIGAN
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Case No. U-21291

ALJ Jonathan F. Thoits

PROOF OF SERVICE

I, Jacob R. Schuhardt, certify that an electronic copy of the Exceptions on Behalf of Frontline Organizations (Soulardarity, Urban Core Collective, and We Want Green, Too) was served on the following on September 25, 2024.

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The statements above are true to the best of my knowledge, information, and belief.

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Date: September 25, 2024

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