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Via E-Filing

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

RE: MPSC Case No. U-21534

Dear Ms. Felice:

Please find enclosed the Reply Brief on Behalf of Soulardarity and We Want Green, Too, along with proof of service for electronic filing in the above-referenced matter. Please do not hesitate to contact me with any questions or comments.

Sincerely,
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xc: Parties to Case No. U-21534

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

ALJ Sally L. Wallace

REPLY BRIEF OF

SOULARDARITY AND WE WANT GREEN, TOO

(COLLECTIVELY THE “DETROIT AREA ADVOCACY ORGANIZATIONS”)

October 23, 2024

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I. INTRODUCTION

The Detroit Area Advocacy Organizations (DAAO)—comprising Soulardarity and We Want Green, Too—file this Reply Brief to oppose or support the positions of other parties as reflected in the initial briefs filed in this proceeding before the Michigan Public Service Commission (MPSC, or the Commission) in this case, U-21534. DAAO maintains the positions advanced in our Initial Brief, filed on October 3, 2024, in response to the application filed by DTE Electric Company (DTE, or the Company) for approval of its requested rate increase. This Reply Brief addresses the following matters:

- A. Affordability:** DTE’s proposal fails to account for affordability. Therefore, the Commission should require the Company to propose a permanent Percentage of Income Payment Plan (“PIPP”) program for customers whose gross household income is at or below 200% of the federal poverty line. The Commission is well within its legal authority to require the Company to implement this program, and such a program would be a reasonable and affordable short-term solution that would alleviate energy burdens facing LMI customers. The Commission should approve a permanent PIPP program and should not wait for the EAAC and AAA analysis to take action on affordability.
- B. Non-Energy Benefits:** The Commission should explicitly account for non-energy benefits in the ratemaking process to ensure that its analyses do not overweight the interests of utility shareholders and underweight the interests of consumers.
- C. Equity Analysis:** DTE’s reliance on the MiEJScreen tool’s 80th percentile threshold as the sole measure of community vulnerability ignores the significant disparities and demographic shifts within the Company’s service territory, as well as the EPA’s guidance on the proper use of such screening tools. The Company’s lack of meaningful engagement with evidence of gentrification in key investment areas further undermines

its equity claims. Moreover, DTE's conflicting and inconsistent explanations for how equity factored into its CODI program investment decisions raise troubling questions about the coherence and credibility of the Company's equity methodology writ large. For these reasons, the Commission should reject DTE's flawed and superficial equity analysis, direct the Company to develop a more rigorous and comprehensive approach to evaluating equitable impacts, and defer any approval of DTE's proposed investments until the Commission can be fully confident that they will advance the interests of the most vulnerable ratepayers.

D. Capital IT Expenditures: DTE's proposed \$181.1 million increase in IT capital spending is unjust and unreasonable, as the Company has failed to demonstrate that these investments are necessary or will benefit ratepayers. Of particular concern is DTE's request for \$10.7 million for digital Collections enhancements that will disproportionately harm low-income customers, senior citizens, and those with limited English proficiency by impeding access to essential live support. The lopsided ratio of costs to purported benefits, strongly suggest that DTE is more focused on boosting profits than providing affordable and accessible service. DAAO therefore urges the Commission to disallow DTE's unjustified IT investments.

E. Time of Use Rates: The Commission should reject DTE's request to retire the D1.6 Rate Class and require DTE to conduct a more comprehensive study of the potential impacts of Time of Use Rates for low-income customers, as required by the Commission's Order in U-21297.

F. Corporate Memberships: The Commission should deny DTE's request to recover its corporate membership fees because (1) the Company failed to provide sufficient

information on how its corporate memberships *specifically* benefit customers as required by the Commission’s Order in U-21297; (2) a number of the memberships, such as the Edison Electric Institute, actively harm customers; and (3) DAAO’s requests for more information from the Company on its corporate memberships are reasonable.

G. Outage Credits: The Commission can and should establish increased, hourly, automatic outage credits so that outage credits better reflect the costs and inconvenience of outages to customers. Furthermore, the Commission can and should reject DTE’s recovery of any outage credits because it is not “just and reasonable” for DTE to recover outage credits from its customers.

II. ARGUMENT

A. The Commission Should Require DTE to Establish a Permanent Percentage of Income Payment Plan (PIPP) to Meet the Needs of Low-Income Customers. (*Issue 105. Affordability*)

One of the Commission’s overarching objectives is ensuring energy affordability,¹ but DTE Electric’s existing programs fail to address the affordability crisis facing its customers. The Company’s existing assistance programs fall short of meeting the needs of its customers, most notably the 25% of DTE’s customer base who are charged more than they can reasonably afford in utility bills.² The Company does not dispute that its most vulnerable customers would benefit from increased assistance in paying utility bills.³ Yet, the Company has not proposed adequate solutions to address concerns that its current programs offer much less assistance than its

¹ MPSC Case No. U-20147 Order (Aug. 20, 2020), at 36–38 re-affirmed the Commission’s overarching objectives of safety, reliability and resiliency, cost effectiveness and affordability, and accessibility.

² See Kinkhabwala Direct Testimony at 6 TR 4534–35.

³ See DTE Initial Brief at 312 (stating that low-income customers would “greatly benefit” from an increase in low LIA income credits).

customers need,⁴ and issues on affordability are continually sidelined into the slow-moving process of the AAA subcommittee of EAAC.

In its initial brief, DAAO presented a proposal to create a Percentage of Income Payment Plan (“PIPP”) program that serves all low-income residential DTE Electric customers whose gross household income is at or below 200% of the Federal Poverty Line (“FPL”). DAAO’s proposed PIPP program would cap utility bills at 3% of gross household income for customers who have either DTE gas or DTE electric service and at 6% for customers with both DTE Gas and Electric service.⁵ Staff’s Initial Brief criticizes a PIPP program that is based on “[a] unified affordability cap of 6% of income for *all* customers,”⁶ but as laid out in Section 3A of DAAO’s initial brief,⁷ DAAO’s proposed program in this case is limited to DTE customers who are at or below 200% of the FPL.

Instead of recommending that the Commission require DTE to adopt the PIPP proposal, Staff recommends disapproval for three main reasons. Staff claims (1) that the programs runs contrary to the requirements of MCL 460.11(1), MCL 460.11(2), and MCL 460.10(t);⁸ (2) that the program could lead to revenue shortfalls;⁹ and (3) that the Commission should “hold off on energy assistance reform” until the AAA Subcommittee of EAAC completes its analysis of certain proposals.¹⁰

⁴ DAAO Initial Brief at 29.

⁵ *Id.* at 30.

⁶ Staff Initial Brief at 181–82 (emphasis added).

⁷ DAAO Initial Brief at 30.

⁸ Staff Initial Brief at 181–84.

⁹ *Id.* at 183–84.

¹⁰ *Id.* at 182.

1. DAAO’s proposal for a PIPP program is in compliance with MCL 460.11(1), MCL 460.11(2), and MCL 460.10(t).

While Staff argues that a PIPP program is foreclosed by MCL 460.11(1),¹¹ the law does not prevent the Commission from requiring the implementation of a PIPP program. MCL 460.11(1) states that “[e]xcept as otherwise provided in this subsection, the commission shall ensure the establishment of electric rates equal to the cost of providing service to each customer class.”¹² One of the exceptions “provided in this subsection” grants the Commission the power to “establish eligible low-income customer or eligible senior citizen customer rates.”¹³ MCL 460.10(t) defines an eligible low-income customer as one “whose household income does not exceed 150% of the poverty level” or who receives “[a]ssistance from a state emergency relief program,” “[f]ood stamps,” or “Medicaid.”¹⁴ Read in its entirety, MCL 460.11 allows the Commission to establish lower electric rates for eligible low-income customers that are not equal to the cost of providing service to the class.

Staff further takes the position that DAAO’s proposed PIPP program “would run counter to the requirements of MCL 460.11(2) and MCL 460.10(t),” but Staff’s legal reasoning is unclear.¹⁵ First, Staff does not elaborate on how these two provisions restrict the implementation of a PIPP program. However, the Commission has previously ordered the Company to operate a similar Payment Stability Pilot (“PSP”) in both 2022 and 2023.¹⁶ This PSP pilot, like DAAO’s current PIPP proposal,¹⁷ is an income-based affordability program that is directed at low-income

¹¹ *Id.* at 183.

¹² MCL 460.11(1).

¹³ MCL 460.11(2).

¹⁴ MCL 460.10(t)(6)(b).

¹⁵ Staff Initial Brief at 183.

¹⁶ *See* Sparks Direct Testimony at 6 TR 2367.

¹⁷ DAAO Initial Brief at 32.

customers at or below 200% of the FPL.¹⁸ Staff provides no explanation distinguishing between DAAO's proposal and the current PSP Pilot. Furthermore, Staff's scant legal reasoning leaves DAAO with little ability to effectively respond to Staff's allegations. As the Commission has already found it appropriate to approve a PIPP pilot, with eligibility set at 200% of the FPL, the Commission should not now find it improper to impose a program with the same requirements.

Regardless of Staff's arguments, the Commission should take action to begin addressing the affordability crisis as soon as possible. To the extent that the Commission takes the position that MCL 460.10(t) precludes full implementation of a permanent PIPP program at or below 200% of the FPL, the Commission should at the very least adopt a version of a PIPP program that is open to customers at or below 150% of the FPL.¹⁹ As discussed above, such a program is expressly permitted under MCL 460.11(2) and MCL 460.10(t). Furthermore, DAAO, like the Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan (collectively "MNSC"), "urge[s] the Commission to consider ways to address the needs of households with incomes between 150 and 250% FPL ... including supporting legislative changes that would expand the definition of eligible low-income customers or authorize the Commission to establish special rates for this population."²⁰ The Commission must take immediate action to address the affordability crisis and, at the same time, lay the groundwork for expanding affordability programs to include a broader range of LMI households.

¹⁸ See Sparks Direct Testimony at 6 TR 2367.

¹⁹ Staff also makes the argument that paying for this program with a surcharge raises compliance issues with MCL 460.11(1) since "customers with capped bills may not contribute any revenue toward the surcharge's fund." Staff Initial Brief at 184. Though Staff does not explain its reasoning, Staff seems to suggest that the problem with DAAO's funding proposal is that individuals between the 150% FPL and 200% FPL would pay differential rates contrary to MCL 460.11(1). However, this does not preclude the implementation of a PIPP available to DTE customers at or below 150% of the FPL.

²⁰ MNSC Corrected Initial Brief at 169–70.

2. A PIPP program is a reasonable and affordable short-term solution to the affordability crisis.

Staff argues that DAAO's proposed surcharge might not sufficiently fund a PIPP program, but this argument ignores the broader issue. DAAO witnesses calculated that a surcharge could fund the PIPP program and close the energy affordability gap.²¹ Staff takes the position that such a surcharge could "lead to revenue shortfalls in the assistance fund as well as in base rates" if customers with capped bills were not contributing to the surcharge.²² Staff does not provide calculations elaborating on this potential issue. However, regardless of Staff's internal calculations regarding the specific proposed surcharge, there is no argument that the rate base is unable to fund DAAO's PIPP program.

First, the Commission could offset costs to ratepayers by disallowing the Company's imprudent and unreasonable spending and limiting the Company's ROE to its true cost of capital.²³ As outlined in its initial brief, DAAO suggests that disallowing unnecessary capital expenditures like the Company's IT programs could help "effectively and efficiently finance a PIPP."²⁴ Similarly, the Commission should set the Company's ROE at 9.18%, the true cost of equity in the Attorney General's DCF analysis,²⁵ to ensure that ratepayers do not face an unjust and unreasonable burden.²⁶ By disallowing unnecessary capital expenses and setting the Company's ROE at its true cost of capital, the Commission could fund the PIPP program in a way that minimizes the burden placed on ratepayers.

²¹ Koeppel Direct Testimony at 6 TR 4393; Makhijani Direct Testimony at 6 TR 4598.

²² Staff Initial Brief at 184.

²³ DAAO Initial Brief at 30, 71–72.

²⁴ *Id.* at 30.

²⁵ The Attorney General's analysis concludes that DTE Electric's true cost of equity is 9.18%. *See* Coppola Direct Testimony at 6 TR 3682.

²⁶ DAAO Initial Brief at 71–72.

Even if the Company needed to raise rates to fund a PIPP program, there is ample flexibility for DTE to charge higher rates to customers who can afford it. Witness Schott’s testimony demonstrates that households with energy burdens “below 3% could afford to spend \$5,800 more per year than they currently do on energy and still have an affordable energy burden of less than 6%.”²⁷ The evidence in the record therefore supports that the PIPP program could be funded through existing sources of available funding along with a reasonable surcharge to avoid revenue shortfalls.

3. The Commission should take immediate action to approve a permanent PIPP program and should not wait for the EAAC and AAA to take action on affordability.

The Commission should not wait for the EAAC or AAA to take action on the issue of affordability. Staff states that while PIPP analysis is underway in the AAA subcommittee,²⁸ it “does not support the premature approval of a full-scale PIPP and recommends the Commission hold off on energy assistance reform until analysis and recommendations surrounding energy assistance can be completed.”²⁹ In expressing disapproval of the surcharge, Staff also stated that DAAO’s proposal “reinforced the need for energy assistance restructuring and recommendations to disseminate from the AAA subcommittee and Staff reports.”³⁰ However, Staff does not provide reasoning behind these arguments, nor does Staff address the impacts of its proposal to have the Commission refuse to address the affordability crisis for years on end.

Delaying any action on affordability until after the AAA subcommittee completes its analysis will likely result in years of further delays. First, the subcommittee must conclude its

²⁷ Schott Direct Testimony at 6 TR 4485.

²⁸ Staff Initial Brief at 180.

²⁹ *Id.* at 182.

³⁰ *Id.* at 184.

analysis. The committee “does not make decisions or even recommendations,”³¹ but Staff may choose to make non-binding recommendations based on the subcommittee’s findings.³² Witness Braunschweig testified that Staff’s report on PIPP pilots is likely to be released sometime in the first or second quarter of 2025,³³ but utilities are not required to implement Staff’s nonbinding recommendations.³⁴ In order to implement any recommendations, the Commission would need to issue an order or conduct additional proceedings.³⁵ Then, the Company would need to submit a proposal to comply with these recommendations, presumably in a rate case.³⁶ Finally, the Commission would still need to evaluate the proposal and decide whether or not it complies with the recommendations. This process could take years to implement any of Staff’s recommendations, and LMI customers do not have the luxury to wait indefinitely for energy assistance.

The Commission should not wait to address the affordability crisis until the AAA subcommittee makes its recommendation because the subcommittee has failed to address the affordability crisis with the sense of urgency that the issue demands. It has been years since the Commission first directed the EAAC to address affordability issues,³⁷ and in that time, the EAAC, AAA, and the Commission more broadly have failed to address the affordability crisis. DTE has failed to incorporate AAA’s definition of affordability,³⁸ LMI customers have

³¹ MNSC Corrected Initial Brief at 176.

³² See Braunschweig Cross Examination at 6 TR 3563–64.

³³ *Id.* at 6 TR 3568. Additional proceedings are likely necessary for the proposals to be implemented. *Id.* at 3568–71.

³⁴ MNSC Corrected Initial Brief at 176–77.

³⁵ See Braunschweig Cross at 6 TR 3569–71.

³⁶ See MCL 460.6a(1) (requiring the Commission to approve all changes to rates and rate schedules that will result in an increase in cost of service to customers in a rate case).

³⁷ See *In re Response to COVID-19 Pandemic*, MPSC Case No. U-20757, MPSC Order (Feb. 18, 2021), at 15.

³⁸ See Koepfel Direct Testimony at 6 TR 4390–91.

experienced higher rates of energy insecurity,³⁹ and the Commission has declined to grant affordability-related relief in rate cases.⁴⁰ As explained in MNSC’s Corrected Initial Brief “[i]n discovery, Staff could identify no proposals, reforms, or changes discussed at AAA meetings that have subsequently become included in DTE Electric tariffs or rates.”⁴¹ Staff takes the position that energy assistance restructuring plans should come primarily from the AAA subcommittee and Staff briefs,⁴² but under this model, frontline communities have been left with no real solutions to combat the affordability crisis. The Commission must act now to address the affordability crisis rather than waiting for the AAA subcommittee to complete its analyses because further delays will only extend the hardships faced by customers.

The Commission has the legal duty to address the affordability crisis now instead of sidelining the issue through the EAAC. In balancing consumer and investor interests, the Commission “may look at all relevant factors in exercising its broad discretion to determine a just and reasonable rate.”⁴³ Michigan statute requires the Commission to consider, among other things, the “value of service to the consumer.”⁴⁴ As DAAO argued in its initial briefing, affordability is of paramount customer interest.⁴⁵ When rates become too high, customers risk losing access to electricity and are unable to benefit from any improvements in infrastructure or

³⁹ Schott Direct Testimony at 6 TR 4546 fig. 5.

⁴⁰ 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).

⁴¹ MNSC Corrected Initial Brief at 176 (citing Ex MEC-127, p. 6).

⁴² Staff Initial Brief at 184.

⁴³ *Ass’n of Bus. Advocating Tariff Equity v. Pub. Serv. Comm’n*, 208 Mich. App. 248, 259 (1994).

⁴⁴ MCL § 460.557(2).

⁴⁵ DAAO Initial Brief at 39–40.

services that come from rate increases.⁴⁶ In other words, an unaffordable rate is an unjust rate.⁴⁷ As such, the Commission cannot continue to sideline the issue of affordability while purporting to maintain a sincere commitment to balancing investor and customer interests.

B. The Commission Should Incorporate Non-Energy Benefits into Its Analysis (*Issue 105. Affordability*)

The Commission is well within its discretion to incorporate non-energy benefits into rate-making proceedings. Non-energy benefits include all the benefits experienced by ratepayers and society and all the costs that they and society incur.⁴⁸ Quantifying non-energy benefits is not prohibitively complex and provides a beneficial framework for assessing specific costs and benefits of proposals.

In briefing, Staff takes the position that “it is questionable as to what weight, if any, the Commission is required to or may legally give to exogenous, non-energy benefits in its decision making in rate case proceedings.”⁴⁹ Yet, Staff provides no legal reasoning or statutory interpretation to support the proposition that considering non-energy benefits is inappropriate for ratemaking proceedings.

Michigan Courts have ruled that the Commission has “broad discretion” in setting just and reasonable rates.⁵⁰ The Commission “is entitled to consider all lawful elements in determining rates” and “is not bound by any single formula or method and may make pragmatic adjustments when warranted by the circumstances.”⁵¹ For example, the Michigan Supreme Court held that the Commission has a duty to “balanc[e] the interest of public utility investors and the

⁴⁶ *Id.* at 40.

⁴⁷ *Id.*

⁴⁸ Makhijani Direct Testimony at 6 TR 4578.

⁴⁹ Staff Initial Brief at 160.

⁵⁰ *Ass’n of Businesses Advocating Tariff Equity v. Pub. Serv. Comm’n*, 208 Mich. App. 248, 259 (1994).

⁵¹ *In re Application of Consumers Energy Co.*, 281 Mich. App 352, 360; 761 NW2d 346 (2008) (quotation marks and citation omitted).

consuming public” in setting a just and reasonable rate.⁵² The interests of the “consuming public” in practical terms include non-energy benefits like improved health outcomes, reduced social cost, and enhanced productivity.⁵³ Failing to consider non-energy benefits when assessing proposals that address unaffordability and poor reliability could result in the Commission rejecting programs that are in the best interests of the ratepayers. Without taking some measure to quantify non-energy benefits, the Commission runs the risk of overweighting the interests of the utility and underweighting the interests of the consumers due to an incomplete cost benefit analysis.

Furthermore, the Commission has previously ordered utilities to propose a social cost test that accounts for at least some non-energy benefits that could be used in ratemaking proceedings.⁵⁴ Staff’s brief explains that “the Commission has provided guidance for certain types of projects on societal costs tests of which nonenergy benefits may be considered a subset, as a part of benefit cost analysis in its July 27, 2022 Order in the energy efficiency proceeding MPSC Case No. U-20898.”⁵⁵ The Commission’s July Order directed companies to present a social cost test that “could be used in multiple types of dockets including pilot proposals, distribution planning, and rate cases.”⁵⁶ In October 2023, the Commission issued another Order extending the deadline for the proposal and “narrowing the required proposal to one for use in

⁵² *City of Detroit v. Michigan Pub. Serv. Comm’n*, 308 Mich. 706, 716 (1944); see also *ABATE v. Public Service Comm’n*, 208 Mich. App. 248, 267 (1994).

⁵³ Makhijani Direct Testimony at 6 TR 4578–81.

⁵⁴ *In the matter, on the Commission’s own motion, to commence a collaborative to consider issues related to implementation of effective new technologies and business models*, MPSC Case No. U-20898, MPSC Order (July 27, 2022) [hereinafter U-20898 July 2022 Order], at 20.

⁵⁵ Staff Initial Brief at 159–60.

⁵⁶ U-20898 July 2022 Order at 8, 20.

evaluating pilots only.”⁵⁷ Staff explains that “[t]he Commission specified that [the social cost test] be used for DERS and more specifically in pilots.”⁵⁸ However, it is clear from the language of the July 2022 Order that the Commission felt within its legal right to order utilities to propose a social cost test that could be used within a wide range of proceedings, including ratemaking proceedings.

While Staff claims “there is no standard methodology for measuring non-energy benefits within the rate-making process”⁵⁹ and that the lack of standardization would lead to “variable and subjective” estimates,⁶⁰ Staff does not provide an explanation for why the Commission cannot impose a standard methodology or require utilities to adopt an existing societal cost test used in other MPSC proceedings. Staff even admits that “utilities [in Michigan] have provided societal costs tests in energy efficiency proceedings as references.”⁶¹ Given that the Commission has previously ordered utilities to propose a social cost test that could be applicable to ratemaking proceedings, there is no reason that the Commission could not do so again.

Quantifying and tracking non-energy benefits is essential to providing a framework for the Commission to assess the true costs and benefits of proposals when balancing the interests of the Company and its customers. Staff claims that “it is unclear how quantifying and tracking non-energy benefits could inform or influence ratemaking outside of simply bolstering an argument that energy affordability has a positive impact on customers[.]”⁶² However, without

⁵⁷ *In the matter, on the Commission’s own motion, to commence a collaborative to consider issues related to implementation of effective new technologies and business models*, MPSC Case No. U-20898, MPSC Order (Oct. 12, 2023) at 3.

⁵⁸ Staff Initial Brief at 160.

⁵⁹ *Id.* at 159.

⁶⁰ *Id.* at 160. Requiring a standard methodology for measuring non-energy benefits in the rate-making process should alleviate Staff’s concerns that utility estimates may be “variable and subjective.”

⁶¹ Armstrong Rebuttal Testimony at 6 TR 5216.

⁶² Staff Initial Brief at 159.

accounting for such benefits, the Commission is viewing skewed data that discounts the negative impacts of affordability measures on customers. As DAAO previously argued, the Commission has a legal duty to balance shareholder and ratepayer interests,⁶³ and it is unclear how the Commission could carry out this duty without considering non-energy benefits.

C. The Commission Should Require the Company To Provide A More Rigorous Equity Analysis Before Approving Additional Rate Increases. (*Issue 20. CODI*)

Despite DAAO's critiques of the shortcomings in DTE's approach to evaluating the equitable impact of its proposed investments, the Company's brief fails to meaningfully address these deficiencies. Instead, DTE offers a series of contradictory and misleading arguments that misconstrue the applicable evidence. The Commission should direct the Company to conduct a more rigorous equity analysis before considering further rate increases.

1. DTE's Reliance on the MiEJScreen 80th Percentile Threshold Ignores Disparities Within Communities and Disregards EPA Guidance

DAAO does not disagree that the MiEJScreen tool is an appropriate starting point for analyzing the socioeconomic and demographic characteristics of communities. However, DTE appears to believe that it should be the only tool used.⁶⁴ DAAO contends that relying exclusively on the tool's 80th percentile threshold to identify "vulnerable communities" fails to capture the full range of factors impacting equity and can mask important demographic changes over time.⁶⁵ As such, the Company needs to do more to incorporate equity into its planning process than simply review MiEJScreen scores.

As DAAO witness Koepfel testified, a census tract scoring above the 80th percentile "may still contain significant variation and heterogeneity in terms of income levels, housing

⁶³ *City of Detroit v. Michigan Pub. Serv. Comm'n*, 308 Mich. 706, 716 (1944); see also *ABATE v. Public Service Comm'n*, 208 Mich. App. 248, 267 (1994).

⁶⁴ DTE Initial Brief at 331.

⁶⁵ DAAO Initial Brief at 49–50.

quality, energy burdens, and other relevant factors that affect customers' energy needs and vulnerabilities.”⁶⁶ DTE provided no evidence to refute this point but instead asserted that more granular analysis “would not be particularly useful because grid solutions typically need to be addressed at the circuit or substation level.”⁶⁷ However, DTE Witness Deol contradicts the Company's position by indicating that DTE does consider sub-circuit level impacts in certain contexts, such as when discussing the CODI program. Specifically, Mr. Deol referenced the benefits of CODI investments to individual public-serving “institutions” within the target areas,⁶⁸ including institutions such as theaters or business schools.⁶⁹ The fact that the Company reviews more specific sub-circuit factors when determining investments like its CODI investments suggests that the Company does view it as helpful at least in some circumstances. The Company has not provided any specific argument or explanation for why it does not see any value in an equity analysis that reviews factors at the same level.

Indeed, DTE's investment in its CODI area reveals the insufficiency of an analysis that relies exclusively on MiEJScreen. DTE touts that “the vast majority of the CODI area has an MiEJScreen tool score of over 80, and well over half of the area has a score over 90.”⁷⁰ However, DAAO Witness Koepfel explained that DTE's “investment through its City of Detroit Initiative (CODI) ... has prioritized investment in areas where the white population is increasing rapidly” while ignoring population dense, predominately BIPOC neighborhoods.⁷¹ The fact that an area scores highly on the MiEJScreen composite does not necessarily mean that investments in that area will equitably benefit the most vulnerable populations, especially over the long term. As

⁶⁶ Koepfel Direct Testimony at 6 TR 4411.

⁶⁷ DTE Initial Brief at 331.

⁶⁸ Deol Rebuttal at 5 TR 1237.

⁶⁹ Koepfel Direct Testimony at 6 TR 4411–12.

⁷⁰ DTE Brief at 331 (citing Kryscynski Rebuttal Testimony, 3 TR 450–52).

⁷¹ Koepfel Direct Testimony, 6 TR 4412; Ex. DAO-10 at 2.

DAAO argued in its initial brief, “[g]iven that these infrastructure investments have decades-long impacts, a simple snapshot of demographics at the moment of investment is insufficient to demonstrate the equity of their benefits, particularly when there is evidence of a pattern of demographic change.”⁷²

2. DTE’s Conflicting Explanations for Its CODI Investment Decisions Undermine the Credibility of the Company’s Equity Methodology

DTE’s brief presents two conflicting explanations about how equity factored into the Company’s CODI program investment decisions. At one point, DTE argues that “the Company’s [sic] evaluates projects and programs through the GPM using multiple factors including reliability, safety, and EJ,” suggesting that the CODI program was subject to the same equity analysis as DTE’s other proposed investments.⁷³ However, DTE later states that the CODI projects were developed as a standalone initiative based on the “uniqueness of the systems in the CODI footprint,” implying that the GPM’s equity methodology may not have been applied.⁷⁴

DTE’s failure to reconcile these inconsistent explanations raises serious doubts about the coherence and credibility of the Company’s approach to evaluating equity. If the CODI investments were indeed assessed using the GPM’s EJ factor, then they necessarily rely on the same flawed MiEJScreen 80th percentile threshold that DAAO has argued to be inadequate. In this scenario, any claim that the CODI program equitably benefits vulnerable communities is undermined by the inherent limitations of DTE’s equity metric. Alternatively, if the CODI program was developed outside the GPM framework, then DTE has offered no clear explanation of what alternative equity methodology, if any, was applied. The Company’s post hoc attempt to

⁷² *Id.* at 52.

⁷³ DTE Initial Brief at 331.

⁷⁴ *Id.* at 108.

justify the CODI investments by citing the area's high MiEJScreen scores only underscores the absence of a rigorous, predefined equity analysis specific to its CODI.

To address these concerns, the Commission should require DTE to provide a detailed, step-by-step explanation of how equity was evaluated for the CODI investments, including a clear statement of whether and how the GPM's EJ component was applied. If a different equity methodology was used for CODI, DTE should be required to fully describe that alternate approach and justify why it deviates from the Company's standard GPM framework. Without such justification, the Commission cannot know whether the Company is actually accounting for equity, or whether the Company is making investments as it sees fit and providing a rationalization afterwards.

D. The Commission Should Reject DTE's Unjust and Unreasonable IT Capital Investments. (*Issue 28. IT Customer Service Capital*).

Consistent with DAAO's arguments in its Initial Brief, DTE's \$10.7 million investment in its Collections Digital Solutions program is imprudent for several reasons. First, these investments would likely harm DTE's most vulnerable customers by reducing access to essential live support, particularly for senior citizens who may struggle with online tools,⁷⁵ and for customers with limited English proficiency.⁷⁶ Second, record evidence casts serious doubt on DTE's claims that digitizing Collections will meaningfully reduce call volumes or costs.⁷⁷ And third, any theoretical savings from these investments would come at the expense of call center capacity, leaving customers relying on those services worse off.⁷⁸ As such, DAAO requests that the

⁷⁵ Watts Direct Testimony at 6 TR 4691, 4695.

⁷⁶ Jacob Direct Testimony at 6 TR 4651.

⁷⁷ DAAO Initial Brief at 57-58.

⁷⁸ *Id.* at 62.

Commission reject the Company's request to recover \$10.7 million in capital expenditures for its digital collections program.

1. DTE's Collections Digital Solutions Will Disadvantage Vulnerable Customers

DTE's claim that its Collections Digital Self-Service investments support equitable service is thoroughly contradicted by the record evidence.⁷⁹ As DAAO witnesses testified, these tools will disproportionately burden vulnerable customers, such as senior citizens and those with limited English proficiency. For example, DAAO witness Watts explained that applying for assistance programs online is a "nerve-wracking process" for many elderly customers who "do not know how to use laptops or smartphones."⁸⁰ She further noted that she personally does not use DTE's digital tools because she is less familiar with how they work.⁸¹ Similarly, DAAO witness Jacob testified that "DTE Electric's Collections digital self-service tools are available in only English, they can be very difficult for non-English speakers and readers to use and access."⁸² DTE's failure to offer these purportedly "convenient" tools in other languages suggests that the Company has not prioritized providing equitable service.

Despite the fact that the Company claims that it is not de-prioritizing its call centers,⁸³ DTE's investment in digital collections only provides savings if the Company reduces expenditures supporting its call centers. As discussed below, the Company provides varying estimates of the amount that it plans to reduce its call center expenditures, but regardless the fact remains that DTE's call centers, which currently face significant issues handling customer assistance,⁸⁴ will receive less funding if DTE's proposal is approved. This is likely to result in particular harm to

⁷⁹ DTE Brief at 190.

⁸⁰ Watts Direct Testimony at 6 TR 4691.

⁸¹ *Id.* at 6 TR 4695.

⁸² Jacob Direct Testimony at 6 TR 4651.

⁸³ *See* DTE Initial Brief at 190 n.87.

⁸⁴ *See, e.g.* Orr Direct Testimony at 6 TR 4714 ("it sounds like they are not interested in helping you—almost as if they were asleep on the other end").

DTE's most vulnerable customers. Indeed, DTE's own witness conceded that "more complex inquiries" like those related to "low-income self-sufficiency" and "payment stability" programs "may not be as effectively handled in a digital self-service solution[.]"⁸⁵ In other words, DTE's plan to shift investment from its call centers to its digital collections solution is likely to be most detrimental to its most disadvantaged customers. Accordingly, DAAO urges the Commission to reject DTE's Collections Digital Self-Service capital investments and direct the Company to improve its current call centers.

2. DTE's Claimed Collections Savings Are Inconsistent and Unsupported.

In response to DAAO's arguments, DTE's initial brief provides confusing, and inconsistent arguments. First, DTE provided conflicting information about the supposed O&M savings its Collections program will generate. In his direct testimony, DTE witness Hatsios stated that these investments would produce "a cumulative \$3.9 million in O&M savings" through 2027.⁸⁶ But DTE's Initial Brief asserts a different figure of \$15.7 million, citing Exhibit A-24, Schedule N5.⁸⁷ This inconsistency may be in that the Company appears to be claiming \$15.7 million in O&M reductions for the entirety, or at least a broader subset, of its Capital IT expenditures, whereas the \$3.9 million cited by Witness Hatsios appears to be the reduction for the \$10.7 million in Collections digital solutions investments.⁸⁸ Indeed, the Company's Exhibit A-24 Schedule N5 verifies that the Company's forecasts for its net O&M savings for its planned

⁸⁵ Hatsios Revised Direct Testimony at 6 TR 2197.

⁸⁶ *Id.* at 6 TR 2207.

⁸⁷ DTE Brief at 189; Ex. A-24, Sch. N5 at 1, line 16.

⁸⁸ DAAO did make arguments in testimony and its initial brief that the Commission should review the Company's broader IT Capital investments and disallow recovery where appropriate. *See, e.g.* DAAO Initial Brief at 58-61; Koepfel Direct Testimony at 6 TR 4398-99. The Company's argument is made confusing by its failure to identify whether it is responding to DAAO's broader claims that DTE's Capital IT investments appear inappropriate, or the specific issues DAAO highlighted with respect to the Company's capital expenditures on its Collections Digital Self-Service.

reduction in collections call volume is \$3,896,297.⁸⁹As pointed out in DAAO’s initial brief, expecting ratepayers to pay for \$10.7 million in capital expenses to receive a savings of \$3.9 million cannot be just and reasonable.⁹⁰

Similarly, the Company also appears to obfuscate its projected call volume decrease. In testimony, DAAO claimed that DTE’s Collections digital solutions have not been reducing call volumes, citing testimony of Witness Hatsios saying that call volumes were not “materially different from four or five years ago.”⁹¹ In response, DTE argues that there was a decrease of about 43,500 collections calls between 2022 and 2023.⁹² However, a decrease between individual years is hardly evidence of substantial and durable change in call volumes. DTE does speculate about why call volumes may not have dropped despite significant capital investment over the past five years, arguing that the lack of a significant reduction in call volumes could be due to increasing financial struggles customers face in paying DTE’s electricity bills and increased shutoff notices over the past five years which caused a larger percentage of customers to seek assistance.⁹³ However, DTE does not provide any analysis to support this argument. Without calculations with assumptions that can be checked or challenged showing the expected additional calls that were avoided by its Digital Collections solution, neither the Commission nor Intervenors can determine whether the Company’s speculation is reasonable, or whether the claimed reductions in call volumes justify the capital expenditures. The Company has not shown

⁸⁹ Ex. A-24, Sch. N5 at 1, line 3.

⁹⁰ DAAO Initial Brief at 65.

⁹¹ Koeppel Direct Testimony at 6 TR 4399 (citing Hatsios Revised Direct Testimony at 6 TR 2207).

⁹² DTE Initial Brief at 189.

⁹³ See Hatsios Revised Direct Testimony at 6 TR 2207 (“This is despite an 11% increase in the number of active low-income customers versus 2022, a 28% increase in the number of low-income customers who reached final arrears status, a 15% reduction in available Energy Assistance (EA) funding, and an increase in shutoff notices from 1.9 million to 2.1 million.”)

that its \$10.7 million in capital IT expenditures on its Collections digital solutions is just and reasonable, and the Commission should reject DTE’s request for recovery.

E. The Commission Should Reject DTE’s Request to Retire the D1.6 Rate Class and Require a More Comprehensive Study on the Impacts of Time of Use Rates for Vulnerable Customers. (*Issue 80. TOU Rates*).

The Commission should require the Company to conduct a more comprehensive study on the impacts of time of use rates for vulnerable customers. In its initial brief, the Company claimed that “there is no reasonable basis for further delay or analysis” in switching to TOU rates.⁹⁴ However, in Case No. U-21297, the Commission ordered DTE to conduct a robust study of the impact of the TOU switch for low-income customers.⁹⁵ In the instant case, DTE provided an analysis that fell short of the Commission’s order by failing to provide an analysis of shutoff information, failing to analyze the factors impacting household ability to shift usage, and failing to conduct any regression analysis.⁹⁶ DTE’s analysis in this case was insufficient to allow the Commission to properly determine that a switch to the D1.11 rate would not harm low-income customers.⁹⁷ Therefore, DAAO requests that the Commission should (1) reject DTE Electric’s request to retire the D1.6 rate for low-income customers and to transition all customers to the D1.11 TOU rate at this time, and (2) require DTE Electric to conduct a more comprehensive and collaborative study of the potential impacts and opportunities of TOU rates for low-income customers, in line with the Commission’s order in Case No. U-21297.

⁹⁴ DTE Initial Brief at 311.

⁹⁵ MPSC U-21297 Order U-21297 at 312–13.

⁹⁶ Koepfel Direct Testimony at 6 TR 4407.

⁹⁷ *Id.*

F. The Commission Should Deny DTE’s Request to Recover its Corporate Membership Fees Because the Company Failed to Provide Sufficient Evidence of Benefits to Ratepayers, A Number of the Memberships are Demonstrably Harmful to Ratepayers, and Providing Additional Information is Reasonable. (Issue 68. Corporate Memberships)

1. DTE Has Failed to Provide Sufficient Information on How its Corporate Memberships Specifically Benefit Customers.

The Commission should reject DTE’s request to recover its corporate membership expenses because the Company has failed to provide sufficient information on how its memberships benefit customers as required by the Commission’s order in Case No. U-21297.⁹⁸ In its initial brief, the Company claimed that it complied with Order U-21297 because “it updated Exhibit A-27, Schedule Q1 to capture specific customer benefits related to each of its corporate memberships.”⁹⁹ While the Company has provided a list of its corporate memberships in Exhibit A-27, Schedule Q1 that mentions some broad types of benefits,¹⁰⁰ the Company has failed to provide a “detailed description of how the organizations *specifically* impact/benefit customers” as required by Order U-21297.¹⁰¹ In fact, for some of the corporate memberships, the Company failed to provide *any* information about the benefits to customers in Exhibit A-27, Schedule Q1, simply providing a link to the organization’s website.¹⁰²

Furthermore, even for the memberships on which the Company did provide some information on customer benefits in Exhibit A-27, Schedule Q1, the information is still insufficient to satisfy Order U-21297. First, for some of the corporate memberships, the

⁹⁸ U-21297 MPSC Order at 221.

⁹⁹ DTE Initial Brief at 240.

¹⁰⁰ Ex. DTE-A-27, Schedule Q1.

¹⁰¹ U-21297 MPSC Order at 221.

¹⁰² See, e.g., Ex. DTE-A-27, Schedule Q1 at 6. See also DAAO Initial Brief at 74 (“[F]or some of the corporate memberships, such as the Center for Energy Workforce, Conference Board Inc., and National Safety Council, DTE simply included a link to the organization’s website without providing any additional information on their benefits to customers.”).

Company provided only a short, one or two sentence, generalized description of benefits to customers.¹⁰³ Second, for some of the other corporate memberships, the Company provided direction to see the testimony of certain of their witnesses;¹⁰⁴ however, in these witness testimonies, DTE focuses mainly on the benefits to the Company rather than the benefits to the customers.¹⁰⁵ As the Company has failed to provide sufficient information on *specific* customer benefits, as required by the Commission’s order in Case No. U-21297, DAAO requests that the Commission reject the Company’s request to recover its corporate membership expenses.

2. DTE Should Not be Able to Recover Corporate Membership Dues for Memberships that Actively Harm Customers, Provide Questionable Benefit to Customers, or Provide no Benefit at all.

The Commission should not allow DTE to recover its corporate membership dues for memberships that actively harm customers, provide questionable benefit to customers, or provide no benefit at all. For example, DTE has requested to recover approximately \$1.4 million¹⁰⁶ in membership dues for the Edison Electric Institute (EEI), an organization which advocates for policies and positions that harm customers.¹⁰⁷ In its initial brief, the Company claimed that the “belief that EEI has taken positions that are not in the best interests of customers...does not negate the benefits of EEI membership...or provide sufficient justification to disallow the Company’s proposed membership dues.”¹⁰⁸ DAAO disagrees. Under DTE’s logic, if the membership provides any benefit at all, no matter how much harm to customers the organization otherwise does, recovery would be justified. However, it would not be “just and reasonable” for

¹⁰³ See, e.g., Ex. DTE-A-27, Schedule Q1 at 4–6.

¹⁰⁴ See Ex. DTE-A-27, Schedule Q1.

¹⁰⁵ See, e.g. Foley Direct Testimony at 2 TR 103; see also DAAO Initial Brief at 75.

¹⁰⁶ See Ex. DTE-A-27, Schedule Q1.

¹⁰⁷ Koepfel Direct Testimony at 6 TR 4424–27.

¹⁰⁸ DTE Initial Brief at 240.

DTE to recover for a membership that causes significant harm to customers even if it provides some minimal benefit.

Furthermore, even if we accept DTE's argument, DTE has still failed to show how its EEI membership specifically benefits customers. In its initial brief, the Company claimed that EEI provides benefits such as "access to benchmarking, best practices, networking, and research."¹⁰⁹ However, these descriptions of benefits are so broad that they could encompass any number of harmful practices, including lobbying for policies against customer interests.¹¹⁰ As argued in DAAO's initial brief, without more specific information from DTE, it is impossible to determine whether EEI provides any benefit to customers at all or only causes harm to customers. DAAO requests that the Commission not allow DTE to recover its corporate membership dues for EEI or any other corporate memberships that the Commission finds harm customers, provide questionable benefit to customers, or provide no benefit at all.

3. DAAO's Requests for More Information on DTE's Corporate Memberships are Reasonable and in the Best Interest of Customers.

DAAO's requests for more information on DTE's corporate memberships are reasonable and in the best interest of customers. In its initial brief, the Company claimed that DAAO's requests for more information would be "costly in terms of Company time and resources with no apparent benefit" and the "costs would have to be passed on to customers."¹¹¹ The Company therefore argued that DAAOs' requests "should be rejected as unreasonable."¹¹² However, as argued in DAAO's initial brief, the Commission has already considered DAAO's requests for more information to be reasonable in Case No. U-21297,¹¹³ and the Commission needs this

¹⁰⁹ *Id.*

¹¹⁰ DAAO Initial Brief at 78.

¹¹¹ DTE Initial Brief. at 241.

¹¹² *Id.*

¹¹³ U-21297 MPSC Order at 221. *See also* DAAO Initial Brief at 78–79.

information to determine whether DTE’s requests to recover corporate membership dues are “just and reasonable.”¹¹⁴ Furthermore, the Commission should not allow DTE to escape its obligations by simply claiming that it would be too costly to comply with Order U-21297 without providing any evidence of the costs.¹¹⁵ Finally, while some of these initial costs may be passed on to customers, if the Commission finds a membership to be unjust and unreasonable based on this information, then this information could potentially save customers millions of dollars in this case, and in every year going forward.¹¹⁶ Therefore, DAAO’s requests for more information are in the best interest of customers.

G. The Commission Should Establish an Hourly, Progressive, Automatic Outage Credit that Appropriately Compensates Customers, and Should Reject DTE’s Request to Recover Outage Credits. (*Issue 53. Outage Credit Recover; Issue 116. Outage Credits*)

1. The Commission Should Establish Increased, Hourly, Automatic Outage Credits.

The Commission can and should establish increased, hourly, automatic outage credits. In its initial brief, the Company claimed that “DAAO’s suggestion that the Commission should depart from its rules by ordering additional outage credits against the Company threatens an illegal result.”¹¹⁷ However, the Company did not explain why the Commission choosing to update its rules would be an “illegal result,” nor did it cite any law that proves this would be an “illegal result.” As DAAO argued in its initial brief, under Michigan law, the Commission has the authority to update its rules.¹¹⁸ DAAO requests that the Commission update its rules so that outage credits better reflect the costs and inconvenience of outages to customers.

¹¹⁴ MCL § 460.557. *See* DAAO Initial Brief at 79.

¹¹⁵ *See* DAAO Initial Brief at 79.

¹¹⁶ *See id.* at 80.

¹¹⁷ DTE Initial Brief at 295–96.

¹¹⁸ *See* DAAO Initial Brief at 90 (citing MCL § 460.6a; MCL § 24.233; MCL § 24.239).

2. The Commission Should Not Allow DTE to Recover Any Outage Credits

The Commission can and should reject DTE’s recovery of any outage credits. In its initial brief, the Company claimed that DAAO’s recommendation to reject recovery of outage credits should be rejected because “the Commission has already decided that some recoverability is appropriate” in Case No. U-20836.¹¹⁹ However, the Commission can and should change its order from Case U-20836 because it is not “just and reasonable” for DTE to recover outage credits from customers. First, the Commission should not allow DTE to recover outage credits from customers because it undermines the Company’s incentive to improve its reliability for customers.¹²⁰ Furthermore, DTE is better situated than ratepayers to prevent or minimize the impact of all outages, even those caused by factors it deems to be outside of its control.¹²¹ Finally, by allowing for DTE to recover for some types of outages, the Commission risks opening the door for DTE to request outage credits for all types of outages that the Company believes are “outside of its control.”¹²² Opening the door for DTE to recover outage credits would be a mistake, and the Commission should reject DTE’s request to recover any outage credits in the instant case.

III. CONCLUSION AND PRAYERS FOR RELIEF

To address the concerns articulated above, the Detroit Area Advocacy Organizations respectfully reiterates its requests that the Commission:

- (1) With respect to affordability:
 - a. Require the Company to track and provide information on the affordability gap in its service territory;

¹¹⁹ DTE Initial Brief at 295.

¹²⁰ See DAAO Initial Brief at 90–91.

¹²¹ See *id.* at 91–92.

¹²² See *id.* at 92.

- b. Order the Company to put forward a proposal for a universal PIPP program capping energy bills at 6% of income as soon as possible;
 - c. Require the Company to propose substantial investments in in low-income communities to reduce the cost of service, including investments in energy efficiency upgrades, electrification, demand response, and renewable energy projects such as community solar; and
 - d. Return meaningful consideration of issues of affordability to rate cases.
- (2) With respect to non-energy benefits:
- a. Require the Company to account for these avoided costs explicitly when making proposals, including but not limited to those related to unaffordability and poor reliability;
 - b. Consider these avoided costs under similar circumstances; and
 - c. Explicitly account for these avoided costs when considering addressing the issues of unaffordability and poor reliability.
- (3) With respect to the Company's equity analysis:
- a. Require the Company to provide a more comprehensive analysis going beyond MI EJScreen's 80th percentile threshold, including a regression analysis; and
 - b. Limit the Company's recovery for investments in its CODI program until the Company has provided an appropriate analysis of equity.
- (4) With respect to the Company's IT Capital investments:
- a. Reject DTE Electric's requested recovery of \$10.7 million in its Collections digital solutions program;

- b. Reject recovery of any of the Company's other IT Capital expenditures that are unsupported by the record;
 - c. Initiate an inquiry into the Company's capital expenditures on its IT programs that is designed to determine which investments are reasonable and appropriate; and
 - d. Require the Company to provide a comprehensive and detailed cost-benefit analysis of all IT Capital requests.
- (5) With respect to the Company's request to retire the D1.6 rate schedule:
- a. Reject the Company's request to retire the D1.6 rate until it has provided an analysis that complies with the Commission's order in Case No. U-21297;
- (6) With respect to the Company's requested return on equity:
- a. Reject the Company's request to increase its return on equity to 10.50%; and
 - b. Reduce the Company's return on equity to 9.18% to balance shareholder and ratepayer interests more justly and reasonably.
- (7) With respect to DTE Electric's request to recover its corporate membership dues:
- a. Reject the Company's request to recover all discretionary corporate membership fees for which the Company has failed to provide evidence of specific customer benefits;
 - b. Specifically reject recovery of corporate membership fees for organizations like the EEI which actively harm customer interests; and
 - c. Explicitly hold that the failure to provide evidence of specific customer benefits in the future will result in denial of recovery of corporate membership dues.

(8) With respect to microgrids:

- a. Require DTE to provide a study of the benefits of microgrids to specific communities in its service territory;
- b. Initiate an analysis of how microgrids could be effectively implemented in Michigan;
- c. Incentivize microgrids in areas with poor reliability and particularly in underserved communities;
- d. Establish and implement guidelines for geographic targeting, cost recovery, and ownership models for microgrids that balance utility, customer, and public interests;
- e. Order the Company and other utilities to revise their existing tariffs or propose a new tariff specifically for microgrids; and
- f. Order the Company to engage with communities like Highland Park on specific existing microgrid proposals by taking the next step on these proposals, such as through engineering studies.

(9) With respect to the Company's outage credits:

- a. Reconsider requiring DTE Electric to provide an hourly, progressive, automatic outage credit that compensates customers appropriately;
- b. Reject the Company's request to recover any outage credits; and
- c. In the alternative, reject the Company's request to recover outage credits for outages caused by animal and weather interference.

[Signature to follow on next page.]

Date: October 23, 2024

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

ALJ Sally Wallace

PROOF OF SERVICE

I, Jacob R. Schuhardt, certify that an electronic copy of the Reply Brief on Behalf of Soulardarity and We Want Green, Too was served on the following on October 23, 2024.

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

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Date: October 23, 2024

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