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Commission seeks comment on proposal for improving utility performance by tying earnings and penalties directly to customer outcomes

The MPSC is seeking comment on a straw proposal on that would refine the focus areas of the MPSC's performance incentive initiative ([Case No. U-21400](#)) centered on ways to improve utility reliability performance, customer outcomes, and safety.

The Commission today released a straw proposal to facilitate discussion on the second phase of its performance incentive initiative, which is exploring challenges to utility readiness to accommodate and leverage growth of distributed generation (DG), electric vehicles, and other cost-effective distributed energy resources (DERs).

The Commission's March 2025 order Commission identified potential focus areas for feedback and consideration for future application of financial incentives and disincentives, including DER interconnection; customer data access and hosting capacity; DER aggregation and non-wires alternatives; 4.8 kilovolt distribution system conversions; and advanced metering infrastructure utilization and grid modernization.

Today's order reviews initial comments and replies and seeks feedback on refined metrics, scorecards and performance incentive mechanisms, and next steps for this proceeding. Among the updates, the recommendations include more efficient use of the distribution grid, maximizing existing investments and supporting cost-effective additions of aggregated DERs or virtual power plants (VPPs), which aggregate DERs such as rooftop solar, batteries, managed EV charging and smart thermostats to reduce peak grid demand. These efforts can defer or avoid the need for costly new electricity generation and reduce upward pressure on customer utility rates.

This is the second phase of the Commission's performance incentive initiative, called Reliability-Plus. In the first phase, the Commission in 2025 [approved penalties and incentives](#) for utilities, establishing a mechanism through which DTE Electric Co. and Consumers Energy Co, the state's two largest electric utilities, could qualify for up to \$10 million in incentives or penalties for meeting or failing to meet reliability benchmarks. To earn any incentive, the company must meet or exceed all existing Service Quality and Reliability Standards.

Initial comments are due by 5 p.m. Oct. 1, 2026, and may be filed using the MPSC's E-Dockets, mailed to Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909, or emailed to mpscedockets@michigan.gov. Reply comments must be filed by 5 p.m. Nov. 5. Comments should reference Case No. U-21400.

Organizations that have participated in the Reliability-Plus proceeding include the Association of Businesses Advocating Tariff Equity; the City of Ann Arbor; Consumers Energy; DTE Electric; the Ecology Center; the Environmental Law & Policy Center; Union of Concerned Scientists; Vote Solar; Michigan Electric and Gas Association; Michigan Energy Innovation Business Council; and Advanced Energy United.

COMMISSION ADDRESSES ISSUES RAISED IN IMPLEMENTATION OF PUBLIC ACT 235 OF 2023

The Commission today released several decisions related to implementation of Public Act 235 of 2023, one of the pieces of the state's revamped energy laws ([Case No. U-21568](#)). The Commission granted a request by Energy Michigan, which represents independent energy producers, for a declaratory ruling that confidential or commercially sensitive information energy providers file in renewable energy dockets is entitled to protection; revised filing requirements related to this matter also were approved. The Commission also responded to requests for declaratory rulings sought by Energy Michigan and Billerud Americas Corp. regarding the interpretation of Sections 28 and 29 of Act 235 by initiating a comment period in Case No. U-21568 so that all interested parties may provide feedback to issues related to renewable energy credits and behind-the-meter generation resources raised by Energy Michigan and Billerud. Individuals or organizations interested in commenting on those issues may do so by 5 p.m. Aug. 27, 2026

MPSC FINDS PROPOSED RATE CASE PROCESS CHANGES LESS EFFICIENT, DECLINES TO ADOPT

The MPSC today opted not to further explore a major change to utility rate case filings, deciding that a draft proposal to create separate stand-alone proceedings on the issues of revenue requirements, cost of service and rate design would not lead to reduced workload for parties involved in cases nor reduce the volume and complexity of rate cases ([Case No. U-21637](#)). The Commission had directed MPSC Staff to create a draft proposal exploring the concept of adopting the separate proceedings as a way to address improving the rate case process as rate cases have grown in size and complexity since Michigan's 2016 energy laws were implemented, reducing the amount of time the MPSC has to review and issue final orders in rate cases to 10 months from 12 months. Public Act 231 of 2023 directed the Commission to investigate opportunities for improving the rate case process. The Commission said it was persuaded by a consensus among commenters in the review of the proposal that separate proceedings would lead to additional filings, create additional expenses, increase inefficiency, pose new burdens for smaller utilities and lead to confusion among customers. While the Commission had previously approved changes to rate case processes relating to consideration of contested rate case settlement agreements, improvements to how

demand resources were considered in rate case proceedings and how potential bill impacts should be communicated to customers, today's order maintains current processes and keeps rate design and cost of service issues as part of rate case proceedings and closes the docket in this matter.

COMMISSION APPROVES UPDATED RULES GOVERNING TELECOMMUNICATIONS PROVIDERS THAT CEASE SERVICE

The MPSC approved updated rules that govern responsibilities for providers of basic local exchange phone service that cease to provide the service ([Case No. U-21958](#)). The update mainly repromulgates existing rules that would, under law, have automatically ceased to have effect in March 2027. The updates also simplify existing rules to ensure the Commission and affected customers receive sufficient notice that a provider intends to discontinue service and that the provider meets requirements for discontinuing service. The MPSC in June [sought public input](#) on the amended rules, which will be submitted to the Legislative Service Bureau and the Michigan Office of Administrative Hearings for their formal approvals, after which they will be submitted to the Joint Committee on Administrative Rules.

MPSC APPROVES SETTLEMENT AGREEMENT ALLOWING DTE ELECTRIC TO REDUCE COSTS VIA LOWER-COST DEBT FOR SEVERAL MAJOR EXPENSES, SAVING CUSTOMERS \$62.5M

The Commission approved a settlement agreement on DTE Electric Co.'s application for a finance order approving securitization of \$600.5 million in costs, a move that allows the utility to reduce costs by replacing relatively high-cost debt and equity with lower cost debt ([Case No. U-22109](#)). The approval of the settlement agreement reached between the utility and MPSC Staff allows DTE Electric to issue securitization bonds to recover costs including those associated with retirement of coal-handling facilities at the utility's Belle River plant in St. Clair County transitioning from coal to natural gas (\$236.7 million); the related wind-down of the utility's Midwest Energy Resources Co. subsidiary that shipped coal to the utility (\$16 million); and the remainder of DTE Electric's regulatory asset for a surge in its tree trimming efforts between 2019 and 2025 (\$340.2 million). By using securitization to recover these costs, DTE Electric's customers are projected to save \$62.5 million in financing costs.

COMMISSION APPROVES STEAM SALES AGREEMENT BETWEEN DETROIT THERMAL AND DETROIT'S HUNTINGTON PLACE CONVENTION CENTER

The MPSC approved an energy sales agreement between Detroit Thermal LLC and the operators of the Huntington Place convention center in downtown Detroit ([Case No. U-22133](#)). The sales agreement between Detroit Thermal and the Detroit Regional Convention Facility Authority to provide steam to the facility formerly known as Cobo Center is through September 14, 2039, with automatic renewal for consecutive 5-year terms unless either party gives notice that it will not renew. Approval of this special contract will not impact rates or costs of service to other customers of Detroit Thermal, which provides steam used for space heating, hot water heating, absorption chilling and other uses to more than 100 buildings in greater downtown Detroit.

MPSC OKS ACCOUNTING AUTHORITY TO CONSUMERS ENERGY TO DEFER COSTS FROM MARCH 2026 STORMS

The Commission approved an application from Consumers Energy requesting accounting authority to defer significant costs from a series of high-impact storms in mid-March. The storms caused more than 6,700 downed wires and other damage, including the need to replace 515 poles and 1,330 crossarms, costing an estimated \$57 million in operations and maintenance costs across lower Michigan ([Case No. U-22135](#)). The storms pushed Consumers' total expense for service restoration from January to April to \$111 million, while the utility's total amount approved for 2026 is \$154 million. The Commission's approval is for accounting treatment only, noting that Consumers must still meet all evidentiary burdens of reasonableness and prudence before the utility can recover restoration costs through rates in a future proceeding. In that regard, the Commission directed Consumers to provide comprehensive storm data and thorough analysis of the storms in its next rate case, as well as demonstrate how its restoration efforts were completed in a cost-effective manner with optimal customer restoration.

COMMISSION APPROVES TEMPORARY AMENDED SERVICE CONNECTION FEES FOR CONSUMERS ENERGY CO. ELECTRIC CUSTOMERS

The MPSC approved temporary revisions sought by Consumers Energy Co. to its electric customer charges for service connection fees ([Case No. U-22136](#)). The Commission in March 2026 approved Consumers' request, in the utility's [previous electric rate case](#), to update service connection fees to flat fees for both residential and general service customers to reflect inflationary costs since the fees were last updated in 1993. The Commission directed the utility to create a fee structure that covers fixed costs and reflects variable costs in its next general rate case. Reacting to concern from the Home Builders Association of Michigan, Consumers later sought to revise the residential fee to \$9.93 per foot and the general service fee to \$16.88 per foot, incorporating variability in the interim until the Commission reviews service connection fees in the utility's pending general rate case, [Case No. U-22070](#).

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To look up cases from today's meeting, access the [MPSC's E-Dockets filing system](#). Watch recordings of the MPSC's meetings on the [MPSC's YouTube channel](#).

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