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FOR IMMEDIATE RELEASE Sept. 26, 2019

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MPSC approves refunds of more than \$1.6B for Consumers Energy customers

LANSING, Mich. – The Michigan Public Service Commission today approved refunds totaling \$1,625,769,000 to gas and electric customers of Consumers Energy Co. that reflect the impact of lower corporate tax rates on the utility's long-term investments.

The Commission approved ([Case No. U-20309](#)) a refund of \$1,174,181,000 for electricity customers of Consumers Energy and \$451,588,000 for customers of its gas business, amounts that are amortized over periods of as long as 44 years.

The Commission ordered Consumers to implement an immediate \$32,289,000 credit to electricity customers to cover the interim period between today's order and the establishment of new rates in Consumers' next general rate case. A residential electricity customer of Consumers who uses a monthly average of 500 kilowatt hours of electricity will see a monthly bill reduction of 68 cents beginning in October.

The refunds reflect adjustments that are a result of the 2017 federal Tax Cuts and Jobs Act, which lowered corporate tax rates from 35 percent to 21 percent. After the law was enacted, the [MPSC swiftly ordered investor-owned utilities](#) (Consumers, DTE Energy, Indiana Michigan Power Co., Alpena Power Co., Upper Peninsula Power Corp., Upper Michigan Energy Resources Corp., Northern States Power Co., SEMCO Energy Gas Co., and Michigan Gas Utility Corp.) to calculate their tax savings. That set forth a multi-step process to return to ratepayers the immediate and long-term savings the companies will realize under the law.

The refunds are the third round of bill adjustments under the Tax Cuts and Jobs Act. So far, the Commission has approved more than \$4.4 billion in rate reductions for customers of Michigan's regulated utilities under the act.

"The Commission remains committed to making certain that utility ratepayers benefit from the savings that regulated utilities in Michigan will realize under the Tax Cuts and Jobs Act," said MPSC Chairman Sally Talberg. "Our Staff continues its diligent work in ensuring every dollar of savings is quickly passed back to ratepayers."

This final step, known as Calculation C, captures long-term impacts of the change, including the treatment of deferred taxes.

In the first round of refunds, known as Credit A, the Commission approved approximately \$380 million in rate reductions for Michigan utility customers to reflect the 21% tax rate on a going-forward basis. In the second round, known as Credit B, the Commission approved roughly \$232 million in one-time refunds to capture the savings from when the tax law went into effect on Jan. 1, 2018, until the Commission issued the order in the Credit A case.

Commission adopts avoided cost, energy forecast for DTE

The MPSC today resolved lingering issues under the federal Public Utility Regulatory Policies Act for DTE Electric Co., including payments and other terms for buying power from small, independent power producers, known as qualifying facilities.

The Commission said its determinations in [Case No. U-18091](#), which dates to May 2016, reflect its obligations to carry out just, reasonable, and non-discriminatory implementation of PURPA and Federal Energy Regulatory Commission regulations fulfill its duties to ratepayers to ensure affordable, safe, and reliable electric service.

The payments made by the utility to qualifying facilities are determined by the Commission based on the utility's avoided cost from not having to produce or buy the power itself. In today's order, the avoided cost payments are based on wholesale market prices for energy and capacity; if the utility has a future capacity need, the payments would be tied to the cost of DTE's natural gas plant under construction in southeast Michigan.

The Commission also determined DTE does not need electric generating capacity at this time but reiterated that such issues would be examined further in its integrated resource plan proceeding ([Case No. U-20471](#)).

In a related case, the Commission ruled in favor, in large part, of Greenwood Solar LLC in its complaint against DTE Electric under PURPA and the Commission's rules for utilities interconnecting new electric generation facilities ([Case No. U-20156](#)). The Commission found DTE unduly delayed the interconnection process with Greenwood Solar and ordered DTE to pay a fine of \$307,500, plus Greenwood's legal fees and part of Greenwood's interconnection study costs. The fine will not be recovered in rates or passed along to customers.

(For an issue brief about PURPA, [click here](#).)

COMMISSION APPROVES TWO DTE ELECTRIC CO. PILOT PRICING RATES

The MPSC today approved two proposed rate pilots in DTE Electric Co.'s Advanced Customer Pricing Pilot program, related to summer peak prices, but declined to approve four others ([Case No. U-20602](#)). DTE Electric had sought approval for six proposed rates beginning in spring 2020 through spring 2021, designed to test enrollment strategies, customer messaging and education approaches to pricing based on the use of electricity during peak and off-peak times. The four DTE Electric proposals involving demand pricing were not approved and should be addressed

separately, the Commission ordered. The Commission also ordered DTE Electric to file updated estimates for its operational costs for the pilots considering only two of the six pilots were approved.

WEBSITE APPROVED FOR INFO SHARING AMONG UTILITIES, ALTERNATIVE ENERGY SUPPLIERS; COMMISSION SEEKS COMMENTS ON RELATED MATTERS

The MPSC today ordered its staff to create a website for information sharing among all utilities and alternative electric suppliers (AESs) under Code of Conduct rules so that competitors who wish to receive information shared by a utility make their request for information known to the utility ([Case No. U-18361](#)). The website springs from a consensus reached among utilities, AESs and other stakeholders who participated in a workgroup hosted by Commission Staff in March 2019. The Commission now seeks comment on Appendix B in the order related to the content of the information sharing request form, and other matters including data security and privacy and timing of utility response to information requests on which consensus among workgroup participants hadn't been reached. In the meantime, the Commission approved the temporary use of a Staff draft of Appendix B until a final order is issued.

3 CONSUMERS ENERGY RENEWABLE ENERGY PURCHASE AGREEMENTS APPROVED

Three Consumers Energy Co. power purchase agreements were approved today by the MPSC. Two are for continued power output, at 1.6 megawatts and 0.8 megawatts, respectively, from North American Natural Resources Inc. and Commonwealth Power Co. plants ([Case No. U-20604](#)). The purchase agreements involve NANR's Rathbun Plant, which uses landfill gas, and Commonwealth's LaBarge Hydro Plant, both of which were already subject to long-term purchase agreements with Consumers. The third ([Case No. U-15805](#)) is a new agreement between Consumers and River Fork Solar LLC to purchase 100 megawatts of energy, capacity and renewable energy credits from River Fork's solar facility in Albion. At 100 megawatts, the facility is bigger than the largest solar array currently operating in Michigan, DTE Energy's 58 megawatt Lapeer solar park.

To look up cases from today's meeting, access the E-Dockets filing system [here](#).

To watch a livestream of the MPSC's meetings, [click here](#).

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