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NEWS RELEASE

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MPSC approves transfer of ownership of Upper Peninsula Power Co.

The Michigan Public Service Commission today approved a settlement agreement that allows the transfer of ownership of Upper Peninsula Power Co. (UPPCO), which serves about 52,000 electricity customers across the U.P. ([Case No. U-20995](#)).

Axiom UP Holdings LLC and Lake AIV LP filed an application Feb. 26, 2021, seeking Commission approval of Axiom's purchase of 100% of outstanding common stock in Upper Peninsula Power Holding Co., which owns all outstanding common stock of UPPCO, and a transfer of ownership of the holding company and UPPCO from Lake AIV to Axiom. Axiom is an affiliate of Axiom Infrastructure, a portfolio investment firm that invests in infrastructure assets and has more than \$4.2 billion in assets under management and \$1.1 billion in co-investments.

The Michigan Attorney General's Office intervened in the case, and MPSC Staff participated. Under terms of the settlement agreement, which resolves all issues in the case:

- Existing rates will not be impacted, and Axiom will not seek to recover sale transaction costs from UPPCO customers;
- No workforce cuts are expected, and Axiom commits to honoring collective bargaining agreements and existing pay and benefits for 24 months, maintaining the utility's current offices, and continuing existing charitable contributions for at least five years.
- UPPCO agrees not to request an adjustment to base rates that would take effect before Jan. 1, 2023, unless the company must do so because corporate income tax rates increases.
- Axiom is directed to move expeditiously to implement its debt refinancing plan, which will benefit customers both through long-term stability and by the lower interest rate that reduces financing costs.
- Axiom agrees to increase the discretionary cap on its distributed generation program from 2% to at least 3% of its average in-state peak load.
- In its next rate case, UPPCO will include proposals to address Upper Peninsula Energy Task Force Committee recommendations for an electric vehicle charging station pilot program; alternative pilot tariffs and/or rebates applicable to building electric space heating and water heating, and a low-income residential customer pilot tariff in consultation with Staff and the Attorney General; and

- Axiom will forgive 20% of the bad debt booked to the company's COVID-19 deferred asset account, which shall be borne by shareholders and not recovered from ratepayers. UPPCO will propose an arrears forgiveness program, in consultation with the Staff and the Attorney General, within 90 days from the execution of the settlement agreement to apply the 20% of bad debt to customer arrearages.

MPSC launches annual assessment of funding factor for Low-Income Energy Assistance Fund

The MPSC today kicked off its annual assessment of the funding factor for the Low-Income Energy Assistance Fund (LIEAF), which raises money to provide energy assistance to qualifying Michigan households ([Case No. U-17377](#)).

The MPSC each year sets the funding factor for LIEAF, a monthly per-meter fee assessed on retail electric billing meters in all rate classes that cannot exceed \$1. The total amount collected is capped at \$50 million per year. Last year's surcharge was 91 cents.

Money raised through LIEAF is distributed through the Michigan Energy Assistance Program (MEAP), which in 2020 provided energy assistance payments and self-sufficiency services to 55,632 qualifying households. The MPSC administers MEAP in partnership with the Michigan Department of Health and Human Services by approving grants to non-profit organizations that provide direct assistance to qualifying customers.

The MPSC must set the LIEAF funding factor each year no later than July 31 for the following fiscal year, based on participation by investor-owned, municipally owned and rural electric cooperative utilities.

Electric utilities may elect not to collect the funding factor by annually filing a notice with the MPSC by July 1. Under the law, these utilities are not allowed to shut off service to any residential customer from Nov. 1 to April 15 for nonpayment of a delinquent account. Participating utilities must, by July 1, provide to MPSC the number of retail billing meters served by the utility in Michigan that are subject to the monthly per-meter fee, which the Commission uses to establish the funding factor. If a residential customer has multiple meters, the customer is assessed only once.

Electric utilities must file by 5 p.m. June 30, 2021, information showing the number of retail billing meters the utility serves that are subject to the LIEAF funding factor, or file notice that the utility intends to opt out of collecting it.

Assistance is still available for customers in need. Residential utility and propane customers in financial distress can contact their utility for help or seek assistance by

calling 211 or applying for [State Emergency Relief](#). Visit www.michigan.gov/mpsc for additional consumer tips and utility contact information.

MPSC APPROVES CONSUMERS ENERGY'S AVOIDED COST RATES

The MPSC today approved Consumers Energy Co.'s ex parte application to update the rate it pays for energy under the Public Utility Regulatory Policies Act (PURPA) to small, non-utility renewable energy project developers. This rate reflects the utility's avoided costs, which will now be based on the cost of the utility's build-transfer agreement of the 150 megawatt (MW) Mustang Mile solar project approved in April 2021 ([Case No. U-20165](#)). Consumers, in accordance with its integrated resource plan settlement approved in June 2019, will offer the unfulfilled 10 MW from its September 2019 request for proposals to other PURPA qualifying facilities at this avoided cost on a first-come, first-served basis.

MPSC APPROVES MEASURES TO HELP EXPAND BROADBAND IN AREAS LACKING ACCESS TO HIGH-SPEED INTERNET

The MPSC today approved basic local exchange service (BLES) licensing and eligible telecommunications carrier (ETC) designations allowing companies to access federal funding to build broadband infrastructure in areas that lack access to high-speed internet service. The approvals are a required step for the providers to receive funding they were awarded through the Federal Communications Commission's Rural Digital Opportunity Fund (RDOF) auction, a \$20.4 billion effort to expand broadband into unserved areas, with a focus on improving network speeds. More than \$360 million in federal RDOF funding was awarded to providers in Michigan, which will be used to expand broadband access to almost 250,000 locations throughout the state. The Commission approved:

- BLES license expansion and ETC expansion for Midwest Energy Cooperative, doing business as Midwest Energy and Communication ([Case No. U-21019](#) and [Case No. U-17861](#));
- A new BLES license and ETC designation for Aspire Networks 1 LLC, serving tribal land in the Hannahville Indian Community ([Case No. U-20956](#) and [Case No. U-20957](#));
- A new BLES license and ETC designation for LakeNet LLC ([Case No. U-20961](#) and [Case No. U-20965](#));
- A new BLES license and ETC designation for Presque Isle Electric & Gas Co-Op ([Case No. U-20981](#) and [Case No. U-20982](#));
- A new BLES license and ETC designation for Xiber LLC ([Case No. U-20999](#) and [Case No. U-20998](#)); and
- ETC designation for Charter Fiberlink-Michigan LLC, a licensed competitive local exchange carrier in Michigan, for Census areas that include tribal lands of the Little River Band of Ottawa Indians and the Little Traverse Bay Bands of Odawa Indians ([Case No. U-20958](#)).

MPSC MOVES FORWARD UPDATES TO GAS SAFETY STANDARDS

The MPSC today moved forward on changes to its gas safety standards ruleset, adopting current federal regulations governing gas safety, updating additional technical

standards, adding record retention periods (as discussed in [Case No. U-17826](#)) and making minor changes to the Michigan rules so that their language conforms more closely to federal rules ([Case No. U-20903](#)). The Commission received input from Consumers Energy Co. and DTE Gas Co. in the case. The MPSC will submit the changes to the Legislative Service Bureau and the Michigan Office of Administrative Hearings and Rules for formal approvals and, once those approvals are received, will transmit them to the Joint Committee on Administrative Rules.

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](#).

For information about the MPSC, visit www.Michigan.gov/MPSC, sign up for its [monthly newsletter](#) or other [listservs](#), or follow the Commission on [Twitter](#) or [LinkedIn](#).

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