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NEWS RELEASE

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MPSC approves DTE Electric Co. securitization of costs related to River Rouge plant retirement, tree trimming

The Michigan Public Service Commission today approved a securitization requested by DTE Electric Co. related to the costs of retirement of an electric generation plant and a surge in tree trimming to reduce power outages — a step that will lower costs for ratepayers.

The Commission authorized DTE Electric to proceed with issuing securitization bonds of up to an aggregate total of \$235.8 million of qualified costs ([Case No. U-21015](#)). The \$235.8 million total includes:

- The remaining net book value of the utility's investment in River Rouge generation site up to the maximum amount of \$73.2 million as of May 31, 2021. DTE Electric's decommissioning of the coal-fired plant on the Detroit River, which has been in operation since 1958, is part of the company's transition to cleaner sources of energy.
- The utility's ongoing tree trimming surge regulatory asset up to the maximum amount of \$156.9 million as of June 30, 2021.
- Up to \$5.7 million in initial other qualified costs.

Securitization is the process through which utilities, after the issuance of financing orders by the MPSC, replace existing debt and equity with lower-cost debt in the form of securitization bonds. This process results in lower costs for ratepayers compared to traditional cost recovery methods, since the securitization bonds have lower interest rates. Securitization is authorized under Public Act 142 of 2000.

The securitization will result in two separate securitization charges that will be line items on customer bills. Ratepayers will save more than \$27 million as a result of the securitization.

The distribution securitization charge related to DTE Electric's tree trimming surge will be billed to each distribution customer over a period of not more than 5 years and will be recovered from all the utility's electric distribution customers, including retail open access (electric choice) customers. The power supply securitization charge related to

the River Rouge generation plant will be billed to power supply customers (not including retail open access customers) over a period of no more than 14 years.

The surcharges will be reviewed annually to ensure that the costs will be fully recovered within the specified time periods and to correct any under- or over-collections during the preceding 12 months.

Intervenors in the case were the Michigan Department of Attorney General; the Association of Businesses Advocating Tariff Equity; the Michigan Environmental Council, and Soulardarity. MPSC Staff also participated.

Read the [MPSC's issue brief](#) for more background on securitization.

INDIANA MICHIGAN POWER CO'S POWER SUPPLY COST RECOVERY RECONCILIATION APPROVED

The MPSC authorized Indiana Michigan Power Co. (I&M) to roll an under-recovery of \$3,052,887 into its 2020 power supply cost recovery reconciliation ([Case No. U-20224](#)). The Commission directed I&M to provide a comprehensive review and analysis of its inter-company purchase agreement with Ohio Valley Electric Corp in the utility's 2021 integrated resource plan filing, and also required the company to provide additional documentation in cases where it designates its plants as "must run" resources within the PJM Interconnection market that result in higher costs for customers. The Sierra Club intervened in the case, and MPSC Staff also participated.

MPSC APPROVES MEASURES ALLOWING STARLINK TO PROVIDE SATELLITE-BASED BROADBAND IN UNSERVED AREAS OF MICHIGAN

The MPSC today approved a permanent license for Starlink Services LLC to provide basic local exchange phone service in Michigan ([Case No. U-21035](#)) as well as eligible telecommunications carrier designation ([Case No. U-20954](#)). The approvals allow the California company — a subsidiary of SpaceX founded by Tesla Inc. CEO Elon Musk — to provide satellite-based internet in areas of Michigan lacking access to high-speed broadband. In November 2020, the Federal Communications Commission's Rural Digital Opportunity Fund auction awarded SpaceX \$885 million to provide broadband and standalone voice services in 35 states, including \$9,852,045 in Michigan to offer service in 8,079 locations in the state over 10 years.

MPSC ORDERS SHOW-CAUSE HEARING REGARDING COMPLAINTS AGAINST ALTERNATIVE GAS SUPPLIER REALGY ENERGY SERVICES

The MPSC today directed Realgy LLC, doing business as Realgy Energy Services, to file testimony responding to allegations of improper marketing and business practices since February 2021 and to show cause why it should not be found in violation of requirements for companies licensed as alternative gas suppliers under the Commission's Gas Customer Choice program (Case No. U-21077 et al.). In February, the Commission opened an investigation in this matter in response to high numbers of customer complaints involving misleading or false representations and not

responding to customer complaints in a timely manner ([Case No. U-20978](#)). A prehearing conference is scheduled for 10 a.m. July 21, 2021.

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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