

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
DTE ELECTRIC COMPANY for the approval of a)	
partial waiver of the Consumer Standards and)	Case No. U-21087
Billing Practices for Electric and Natural Gas Service)	
and approval of a voluntary prepay billing)	
program.)	
_____)	

At the December 21, 2022 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Daniel C. Scripps, Chair
Hon. Tremaine L. Phillips, Commissioner
Hon. Katherine L. Peretick, Commissioner

ORDER

On May 27, 2021, DTE Electric Company (DTE Electric) filed an *ex parte* application, with a supporting affidavit and attachments, requesting a partial waiver of the Consumer Standards and Billing Practices for Electric and Natural Gas Service, Mich Admin Code, R 460.101 *et seq.* (billing rules) and for approval of its Prepay Program for residential electric customers taking service under the company’s D1 Rate Schedule who have advanced metering infrastructure (AMI).

On July 12, 2021, the Environmental Law & Policy Center; the Ecology Center; the Great Lakes Renewable Energy Association, Inc.; Souldarity; the Union of Concerned Scientists, Inc.; and Vote Solar (collectively, ELPC) jointly filed an objection to the application, arguing that DTE Electric’s application “does not explain the motivation behind its request, does not describe potential benefits to enrolled customers, does not suggest that the program is in response to

customer requests or demand, or illustrate how the waiver would advance the public interest.”

ELPC’s objections, p. 2. ELPC further argued that DTE Electric failed to establish “a showing of good cause and a finding that the waiver is in the public interest,” as required under the Commission’s rules, and that *ex parte* treatment of the request is not appropriate. *Id.*, p. 4 (quoting Mich Admin Code, R 460.101a(3) (Rule 1a(3))).

On July 27, 2021, the Commission issued an order in this docket (July 27 order) agreeing with ELPC that DTE Electric’s application, affidavit, and attachments, as submitted to the Commission, “do not contain sufficient information regarding the benefits that this program is expected to provide to customers when balanced against the protections that enrollees would forfeit if the requested billing rule waivers were approved.” July 27 order, p. 5. The Commission further determined that:

Although DTE Electric avers that, through the use of 12-month rolling usage data in [kilowatt-hours] and dollars, customers will be able to determine how long their prepayment dollars may last before dwindling to a zero balance, this method of discernment may be inadequate to provide customers with a reliable length of time before disconnection of the customer’s electric service. Further, the method may involve a complex level of customer participation and expertise in energy billing, energy use, and energy payment such that the prepayment program may be subject to customer error and confusion. Careful monitoring, reporting, and documentation of customer feedback and participation appear to be critical to the program’s success.

July 27 order p. 5.

As such, the Commission found that *ex parte* approval of the application was inappropriate and directed DTE Electric to submit the application with a fuller description of the anticipated benefits of the program, either as part of an upcoming rate case or as a stand-alone contested case proceeding in this docket. July 27 order, p. 6. DTE Electric chose the latter.

On September 30, 2021, DTE Electric filed a new application (September 30 application), along with supporting testimony and exhibits, for approval of the Prepay Program and partial

waiver of the billing rules. In its application, DTE Electric provides that the Prepay Program is voluntary and is intended to create a satisfying option for a healthy mix of customer segments, to engage customers in the active monitoring and management of their consumption, to reduce energy consumption for program participants, to provide financially vulnerable customers a simplified experience and a mechanism to more easily reduce past due balances, and to achieve high levels of satisfaction and retention for program participants. September 30 application, p. 2.

DTE Electric explained that the Prepay Program will allow customers to prepay for electric consumption prior to energy use and that “Customer” is defined as a residential customer taking service under the Company’s D1 Rate Schedule with single electric commodity and an AMI meter with remote connection and disconnection capability currently installed at the premise. *Id.*

In furtherance of its Prepay Program, DTE Electric requests waiver of the following billing rules:

Mich Admin Code, R 460.120(3) A bill shall be mailed, transmitted, or delivered to the customer not less than 21 days before the due date. Failure to receive a bill properly mailed, transmitted, or delivered by the utility does not extend the due date.

Mich Admin Code, R 460.129(4) When a residential customer receives a past-due notice from the utility, the utility shall provide the customer access to information about energy assistance programs referenced in subrules (1) and (3) of this rule, which shall, at minimum, include a telephone number of a utility representative who is able to provide this information.

Mich Admin Code, R 460.139(1) Not less than 10 days before the proposed shut off of service, pursuant to the provisions of R 460.140, R 460.142 and R 460.143, a utility shall send a notice to the customer by first-class mail, or personal service.

Mich Admin Code, R 460.139(6) For an involuntary shut off, at least 1 day before shut off of service, the utility shall make not less than 2 attempts to contact the customer by telephone, if a telephone number is available to the utility, to advise the customer of the shutoff and what steps the customer must take to avoid shutoff. If the utility uses an automated notification system, the utility shall document the process for ensuring that at least 2 attempts are made to notify the customer of the pending shutoff. If the telephone number is not available, the customer has no

telephone, or the utility chooses not to make telephone contacts, the utility shall either leave a notice at the premises advising the customer that service will be shut off on or after the next business day or send notice by first-class mail postmarked at least 5 business days before shutoff of service is scheduled. The utility shall document all attempts to contact the customer. The 10-day notice sent under subrule (1) or (5) of this rule shall be considered as 1 attempt.

Mich Admin Code, R 460.140(1) A notice of shut off of service shall contain all of the following information:

- (a) The name and address of the customer, and the address at which service is provided, if different.
- (b) A clear and concise statement of the reason for the proposed shut off of service.
- (c) The date on or after which the utility may shut off service, unless the customer takes appropriate action.
- (d) That the residential and small nonresidential customer may have the right to enter into a payment plan with the utility for an amount owed to the utility that is not in dispute and that the customer is presently unable to pay in full.
- (e) That the residential and small nonresidential customer may have the right to enter into a settlement agreement with the utility if the claim is for an amount that is in dispute.
- (f) That the customer has the right to file a complaint disputing the claim of the utility before the proposed date of the shut off of service.
- (g) That the customer has the right to request a hearing before a hearing officer if the customer disputes the reasonableness of the payment plan or settlement agreement offered by the utility or if the complaint cannot be otherwise resolved and that the customer must pay to the utility that portion of the bill that is not in dispute within 10 business days of the date that the customer requests a hearing.
- (h) That the customer has the right to represent himself or herself, to be represented by counsel, or to be assisted by other persons of his or her choice in the complaint process.
- (i) That the utility will not shut off service pending the resolution of a complaint that is filed with the utility or the commission pursuant to these rules.
- (j) The telephone number and address of the utility where the customer may make inquiry, enter into a payment plan or settlement agreement, or file a complaint.
- (k) That the utility may require a deposit and restoration charge if the utility shuts off service for nonpayment of a delinquent account or for unauthorized use of utility service.

Mich Admin Code, R 460.140(2) For residential customers a notice of shut off of service shall also contain all of the following information:

- (a) A combination utility shall include all of the following information on disconnection notices for eligible low-income customers whose natural gas and electric services are combined:
 - (i) The amounts for both natural gas and electric service, listed separately.
 - (ii) That the customer has the option of choosing 1 of his or her services to retain with the appropriate payment.

- (iii) That the customer may have the option to enter into a payment plan for both natural gas and electric service, or to retain either natural gas or electric service as chosen by the customer.
- (b) That the customer should contact a social services agency immediately if the customer believes he or she might be eligible for an energy assistance program or other emergency economic assistance and should inform the utility of any efforts being made to obtain payment assistance.
- (c) That customers who believe they may be eligible for assistance from an energy assistance program should determine if assistance is available before enrolling in a payment plan because many agencies may not provide assistance if shut off is avoided by signing a settlement agreement.
- (d) That during the heating season the utility will postpone shut off of service if a customer is an eligible low-income customer that enters into a winter protection payment plan with the utility and the customer provides documentation that the customer is actively seeking emergency assistance from an energy assistance program.
- (e) The energy assistance telephone line number at the department of health and human services or an operating 2-1-1 system telephone number.
- (f) That the utility will postpone the shut off of service if a certified medical emergency exists at the customer's residence and the customer informs and provides documentation to the utility of that medical emergency.
- (g) That the customer should contact the utility for information about a shutoff protection program.

Mich Admin Code, R 460.143(1) For an involuntary shut off of service using meters with remote shut off and restoration capability, at least 1 day before shut off of service, the utility shall make at least 2 attempts to contact the customer by 1 of the methods listed in R 460.139(6). The notice shall conspicuously state that the disconnection of service will be done remotely and that a utility representative will not return to the premises before disconnection.

September 30 application, p. 2.

On November 17, 2021, a prehearing conference was held before Administrative Law Judge Katherine E. Talbot (ALJ), at which the ALJ acknowledged the intervention of the Michigan Department of Attorney General and granted intervention to Soulardarity, the Citizens Utility Board of Michigan (CUB), and the Residential Customer Group (RCG). DTE Electric and the Commission Staff (Staff) also participated in the proceeding. On March 21, 2022, an evidentiary hearing was held where the prefiled testimony and exhibits of the parties were bound into the record and cross-examination was conducted.

On April 6, 2022, the Attorney General and Soulardarity filed a joint motion to dismiss the proceeding, or in the alternative, consolidate the case with Case No. U-20836, DTE Electric's rate case. On April 8, 2022, RCG filed a motion to consolidate the proceeding with Case No. U-20836. On April 20, 2022, the Attorney General and Soulardarity filed a joint response to RCG's motion. On the same date, the Staff filed a response to the motions. On April 21, 2022, DTE Electric filed its response to the motions. A hearing on the motions was held on April 28, 2022, at which the ALJ denied the motions. 3 Tr 442.

On May 5, 2022, the parties filed their initial briefs, and on May 20, 2022, all parties filed reply briefs. On September 26, 2022, the ALJ issued her Proposal for Decision (PFD). On October 17, 2022, exceptions to the PFD were filed by DTE Electric and the Staff. On October 31, 2022, replies to exceptions were filed by the Attorney General (jointly with CUB), the Staff, Soulardarity, and RCG.

The record in this case consists of 446 pages of transcript and 43 exhibits admitted into evidence.

Motions to Dismiss or to Consolidate

In their joint motion to dismiss, or in the alternative to consolidate this proceeding with Case No. U-20836, the Attorney General and Soulardarity argued that dismissal is appropriate under Michigan Court Rule (MCR) 2.116(c)(6) because the fact that DTE Electric seeks approval of the Prepay Program in this docket while seeking recovery of costs in Case No. U-20836 creates an irreconcilable issue. The ALJ, however, determined that DTE Electric is not requesting recovery of costs in this case and that the standard for approval of the waivers necessary for approval of the program is distinguishable from that for recovery of costs in the rate case. 3 Tr 437. The ALJ

therefore rejected the Attorney General's and Soulardarity's MCR 2.116(c)(6) motion because the two issues are distinct and not the same claim as required under the court rule. 3 Tr 348.

The ALJ also denied the Attorney General's and Soulardarity's MCR 2.116(c)(7) motion because the July 27 order in this case was not a prior judgment, the order was not on the merits presented upon refiling, and the order only addressed the appropriate process to address the issues following the refiling of DTE Electric's application. 3 Tr 348.

Regarding the motions to consolidate the proceeding with Case No. U-20836 pursuant to MCR 2.505, the ALJ determined that under the court rule, the moving party must prove the existence of a "substantial and controlling common question of fact." 3 Tr 441. The ALJ found that DTE Electric is seeking different relief with different standards of proof in the two proceedings, which contradicts the requisite finding of a substantial and controlling common question of law or fact. 3 Tr 441. The ALJ reviewed arguments for consolidation under Mich Admin Code, R 792.10415(5), which provides for consolidation when it will promote just, economical, and expeditious determinations of the issues presented. 3 Tr 439. The ALJ found that the delay caused by consolidating these proceedings is the antitheses of expeditious. The ALJ ultimately found that the movants had not met their burden to establish that consolidation is appropriate. 3 Tr 442.

The Commission finds that the ALJ's findings on the issues presented by the parties are well reasoned and adopts her determinations to deny the motions in full.

Overview of the Record

DTE Electric presented the testimony of one witness, Michael J. Hatsios, the Director of the Customer Service Transformation team at DTE Energy Corporate Services, LLC, a subsidiary of DTE Energy Company, who described the company's efforts to design and implement a voluntary

prepay billing program.¹ Mr. Hatsios testified that prepay programs have generated significant interest with electric utilities in the United States, that the company has been in contact with some investor-owned utilities that have piloted or implemented prepay programs, and that DTE Electric participates in a consortium of industry professionals to share learnings associated with these programs. In addition, Mr. Hatsios stated that the company incorporated best practices and lessons learned from its own Pay As You Go Pilot and a pilot implemented by Consumers Energy Company, known as Pay My Way. Mr. Hatsios further testified that:

At its core, the concept of prepay is simple and is consistent across electric utility programs Participants with electric AMI meters purchase electricity in advance by adding credits to their account. As their account credits reach predetermined low levels, the customer is notified, based on their preference (email, SMS/text), that they are at risk of a loss of service along with an estimate of the number of days of usage remaining. In the event the customer fails to replenish their account and the balance drops below zero, the customer is remotely disconnected. While there are no deposits or reconnection fees, the customer typically needs to add a sufficient amount of money to their account to cover the cost of any unpaid usage and to maintain a minimum credit balance. Prepay customers are able to check their balance, view their energy consumption, and replenish their accounts anytime they want through various service channels.

2 Tr 29.

According to Mr. Hatsios, the company is designing the Prepay Program as an option for all residential customers, with some exceptions, and participation will provide customers with increased visibility and control over energy usage, the ability to establish a payment schedule to suit their needs, a simplified billing experience, and the ability to make payments toward past due balances. He further testified that the program is anticipated to reduce energy consumption of those participating by 5 to 14 percent.

¹ The testimony of Mr. Hatsios is transcribed at 2 Tr 22-208. He also sponsored Exhibits A-1, A-2, A-3, and A-4 Revised.

Mr. Hatsios further testified that the company has identified the following four specific customer segments it expects to benefit from the Prepay Program: (1) young and tech savvy, (2) financially stable savers, (3) renters and college students, and (4) payment troubled and vulnerable customers (PTVCs). 2 Tr 292-293.

Regarding the last customer segment identified, Mr. Hatsios testified that the prepay program will be a tool for PTVCs who struggle with traditional post-pay billing due to having low income, a lack financial stability, or an unexpected loss of income. He stated that customers who are struggling financially “often wait until the last minute to pay, often pay late, can accumulate large arrears balances, and can find themselves disconnected for non-payment.” 2 Tr 34. He testified that these customers may have to “make tough choices about which monthly bills get paid, and which ones don’t.” *Id.* Mr. Hatsios asserted that the prepay program could assist customers for whom the post pay system does not work and will reduce the stress of receiving a monthly bill they cannot afford. Mr. Hatsios stated that low-income customers who are eligible for energy assistance will be provided support from the company to access and receive that assistance while enrolled in the Prepay Program.

Mr. Hatsios testified that the “protections provided by the billing rules for which the Company is requesting waivers, are necessary in the post-pay model to help ensure customers are provided adequate opportunity to access funding, and if necessary[,] enroll in a payment plan to avoid shutoff.” 2 Tr 55. He reiterated that post-pay customers continue to consume energy and accrue charges which adds to the amount due and, for some customers, leads to a cycle resulting in disconnection for nonpayment. Mr. Hatsios testified that the prepay program “flips the script” and gives customers the ability to pay when and how much they want based on financial and energy

needs and therefore the customer protections in the billing rules are not necessary with the prepay model. 2 Tr 55.

Mr. Hatsios further provided that prepay customers will pay the same rate for electricity as a post-pay customer, however the customer's energy usage will be calculated on a daily basis, and it will not be necessary to generate a monthly bill. He testified that the company's billing engine will calculate the daily energy charges by first reading the customer's AMI meter, then each day the prepay billing simulator calculates the daily usage, the daily capacity charges, the daily non-capacity charges, other daily volumetric charges, a prorated daily charge for fixed charges (such as monthly delivery charge), and then sales tax is added. The total of these charges is then deducted from the prepay program customer's account balance and the system calculates the number of days of energy usage that remain.

On pages 12-31 of the PFD, the ALJ provided a thorough overview of the record established by the other parties to this proceeding, which will not be repeated. However, the Commission notes that the Staff is generally supportive of DTE Electric's proposal, with the inclusion of mandatory reporting requirements, while the Attorney General, CUB, and Soulardarity oppose the Prepay Program and the granting of the requested waivers of the billing rules.

Proposal for Decision, Exceptions, Replies, and Discussion

1. Burden of Proof

The ALJ noted the general agreement among the parties that DTE Electric has the burden to prove underlying issues by a preponderance of the evidence. However, the ALJ recommended that the Commission find that the reasonable and prudent standard apply as the requisite burden of proof for approval of the Prepay Program. PFD, p. 37. The ALJ agreed with Soulardarity, the Attorney General, and CUB that the evidence demonstrates that the Prepay Program will increase

cost to ratepayers and that the utility is seeking cost recovery for the program in Case No. U-20836. PFD, p. 36. The ALJ rejected DTE Electric's argument that because it is not requesting costs in this case a lower standard should apply. *Id.*

DTE Electric argues extensively in its exceptions that the ALJ applied the wrong burden of proof in this proceeding and that an analysis of the record evidence under a reasonable and prudent standard employs an improper weight to evidence when there is no cost recovery requested in this case. *See*, DTE Electric's exceptions, pp. 3-8.

The Commission agrees with the Attorney General, however, that if approved, the Prepay Program is likely to increase the cost to ratepayers. The Commission is not persuaded in this instance that bifurcating the approval of the program and the recovery of costs in separate proceedings is appropriate. However, as Soulardarity argues in replies to exceptions, the Commission is not requesting a highly analytical benefit/cost analysis (BCA) in this case, but consistent with its July 27 order, requires DTE Electric to provide enough evidence to weigh the benefits of the program against the consequences. Soulardarity's replies to exceptions, p. 3. The Commission further agrees with the Attorney General that the proper standard in this case is the reasonable and prudent standard "based on a preponderance of the evidence, which takes into account the costs of the programs, the purported benefits of the program, and the strength of the evidence and presentation put forward by the company." Attorney General's replies to exceptions, p. 13.

The Commission also agrees with the ALJ that the applicable legal standard for a waiver of the billing rules is found in Rule 1a(3). Prior to granting a waiver, Rule 1a(3) requires the Commission determine that the waiver will further the effective and efficient administration of these rules and determine the waiver is in the public interest.

2. Prepay Program

The ALJ agreed with the arguments presented by the Attorney General, CUB, Soulardarity, and RCG and recommended that the Commission deny approval of the Prepay Program. PFD, p. 50. The ALJ also determined that DTE Electric failed to provide any meaningful analysis of the expected benefits compared to the protections lost through a waiver of the billing rules as was required by the July 27 order. *Id.*, p. 51. Additionally, the ALJ found that the utility did not address the Commission's concerns regarding energy usage and the calculation of the customer's remaining balance. *Id.* The ALJ found concerning the lack of information or reliable data provided by the utility to address the length of time remaining on the customer account prior to shutoff or that sudden spikes of energy use could render any estimated time remaining meaningless. *Id.*, p. 52.

The ALJ also agreed with arguments from the intervenors regarding DTE Electric's lack of information related to potential customer interest in the program. The ALJ found that DTE Electric failed to establish that customers were interested in the program and that the results of the utility's Pay as You Go pilot program, a similar program to Prepay, evinces a dearth of customer participation and a high level of dissatisfaction. *Id.*, p. 52. The ALJ further found that DTE Electric did not perform any meaningful research or analysis of customer interest and could not provide any specific data on the four customer segments it alleged would benefit from the Prepay Program. *Id.*, p. 53. The ALJ also found that DTE Electric did not provide sufficient details on the benefits of the program and that the utility essentially expects to learn if the program is viable after it is implemented. *Id.* The ALJ was especially concerned about the lack of accountability for the program if approved.

The ALJ also noted that the utility is requesting \$12.6 million for the program costs in Case No. U-20836 but did not include any information about the potential costs in this case. *Id.*, p. 54. The ALJ found that it is DTE Electric's burden to demonstrate that the benefits of the program are commensurate with costs that are reasonable and prudent. *Id.* The ALJ also agreed with the intervenors that the alleged benefits of the program are speculative, illusory, and not qualified. The ALJ found that DTE Electric did not provide meaningful data related to its former Pay as You Go program concerning potential arrearage reductions or other potential benefits to base ratepayers. *Id.*

The ALJ stated that low-income and PTVCs are in particular need of the protections afforded by the billing rules but that DTE Electric failed to provide reliable testimony to the risks of these vulnerable customers. *Id.*, p. 55. The ALJ also agreed with Soulardarity that vulnerable customers may act in self-deprivation or dangerous behaviors rather than face sudden shut-off. *Id.* These customers, according to the ALJ, "are more at risk due to sudden increases in energy usage, such as weather extremes or a new medical condition and PTVCs are targeted in the prepay program but have less financial flexibility and are at greater risk of shutoff due to lack of funds." *Id.* Additionally, the ALJ agreed with the intervenors that facing shutoff in real time is much different than with post-pay and the threat of facing shutoff unless an immediate payment is made does not evince a benefit to the prepay customer. *Id.* The ALJ, therefore, recommended that even if the Prepay Program is approved, low-income and PTVCs should not be included because it is uncertain that the program is actually voluntary for these customers. *Id.*, p. 56.

The ALJ was also concerned that DTE Electric did not explain why the real time and/or daily information provided to Prepay customers could not be made available to all customers with AMI

meters. *Id.* The ALJ stated that all base ratepayers paid for the installation of AMI meters and should reap the benefits that those meters can provide. *Id.*

The ALJ also addressed the Staff's suggestion that the Prepay Program could be approved as a pilot. She recommended that the Commission reject that suggestion because DTE Electric did not make such a request in its application or provide the requisite information for such a program. *Id.*, p. 57. The ALJ, however, suggested that the Commission could encourage utilities to make innovative proposals outside of a rate case consistent with the established objective criteria for approval of a pilot program and required comprehensive plan established by the Commission's October 29, 2020 order in Case No. U-20645 (October 29 order).

DTE Electric takes exception to the PFD and argues that the ALJ improperly applied the wrong standard of review and therefore improperly weighed evidence to support her recommendations to deny the Prepay Program.

The Commission addressed the exceptions and replies to exceptions regarding the proper standard of review previously and finds that the ALJ properly evaluated the evidence presented in this case. Although the ALJ did find that DTE Electric's failure to provide costs in this case could be dispositive, the recommended denial of the Prepay Program came down to DTE Electric's failure to demonstrate that the alleged benefits of the program outweigh the potential risks and costs. *See*, PFD, p. 54. The Commission's July 27 order required the utility to provide additional information regarding the benefits that this program is expected to provide to customers when balanced against the protections that enrollees would forfeit if the requested billing rule waivers were approved. The ALJ found that DTE Electric failed to do so.

In its exceptions, the Staff requests clarification as to whether separating the cost recovery component from a waiver request in bifurcated proceedings is improper. Staff's exceptions, p. 3.

The Attorney General initially replies that the Staff's exceptions do not specifically address the ALJ's recommended burden of proof, the ALJ's denial of the Prepay Program, the ALJ's recommended denial of waivers to the billing rules, or the ALJ's recommended denial of the pilot program. Attorney General's replies to exceptions, pp. 3-4. The Attorney General argues that the Staff's acquiescence to these recommendations further supports the adoption of the PFD. *Id.*, p. 4. As to the specific query posed by the Staff, the Attorney General first argues that bifurcating proceedings is not common and that it is improper for a utility to request a waiver of billing rules and approval of a program in the same stand-alone proceeding in the complete absence of any cost information. *Id.* The Attorney General argues that answering the Staff's query runs the risk of unnecessary confusion in this case and future proceedings.

The Commission finds that, while there is nothing in the Commission's rules that would preclude it from considering the relative merits of a proposed program outside of a rate case proceeding in which the company seeks cost recovery, the Commission reaffirms that in order for it to fully consider a proposed program, it expects the application to provide sufficient detail to enable the Commission to "take[] into account the costs of the programs, the purported benefits of the program, and the strength of the evidence and presentation put forward by the company." Attorney General's reply to exceptions, p. 13 (citations omitted).

The Staff also requests that the Commission confirm that other programs and past experiences are not the sole criteria for demonstrating quantifiable results when a utility seeks waivers or even the establishment of a new payment program. Staff's exceptions, p. 5.

The Attorney General argues that there is nothing in the PFD that hampers the ability of utilities to come up with new programs and ideas for customers so long as they are presented in

proper proceedings with the proper evidentiary support. Attorney General's replies to exceptions, p. 8. The Commission agrees.

The Staff's final exception requests that any finding that a prepay customer experiences a self-deprivation risk any greater than a post-pay customer be removed from the Commission order. Staff's exceptions, pp. 6-7. The Attorney General argues that the question only deals with self-deprivation and making any specific statement or finding on the issue would likely add confusion and not clarity to the order. Attorney General's replies to exceptions, p. 10.

The Commission reads the Staff's request to be an exception to the ALJ's concurrence with the intervenors that the Prepay Program may lead to self-deprivation for low-income customers and PTVCs. Thus, the Commission concludes that the Staff is arguing that the ALJ erred in giving any weight to prepay customers' self-deprivation rates when the evidence does not demonstrate that self-deprivation for prepay customers is any greater than post-pay customers. The Commission, however, finds that the ALJ correctly applied the arguments of the intervenors regarding self-deprivation to the facts of this case.

Regarding the Prepay Program, the Commission finds that the ALJ's analysis of the record, findings of fact, and conclusions of law are well-reasoned, and therefore adopts her recommendations in full. The Commission finds that DTE Electric has not provided the requisite evidentiary support to properly evaluate the potential benefits against the potential harms posed by a waiver of the billing rules. The Commission is especially concerned about the potential harm to low-income and PTVCs should the Prepay Program and associated waivers be approved. The Commission does not believe that DTE Electric adequately addressed these concerns in this proceeding.

The Commission, however, finds that a prepay program could provide beneficial innovations for managing energy costs and consumption for certain customers if properly designed and vetted. Therefore, the Commission finds that DTE Electric may refile its request for a Prepay Program and associated waivers under the established objective criteria for approval of a pilot program and required comprehensive plan established by the October 29 order. Should DTE Electric choose to refile as a pilot program, the Commission encourages DTE Electric to work with the intervenors and the Staff on developing the Prepay pilot to address customer protection concerns. The Commission further agrees with the intervenors and thereby encourages DTE Electric to explore how to maximize the potential benefits of AMI deployment by making the real time and/or daily information that would be offered to Prepay participants, as outlined in the company's filing, available for all customers. The Commission also directs the utility to thoroughly assess and address potential harms to low-income customers and PTVCs, provide a thorough BCA to both Prepay customers and ratepayers, and explore options for extending the shutoff notification period to longer than five days.

On the occasion that DTE Electric elects to refile, the Commission encourages the company to provide the following monthly reporting requirements recommended by the intervenors:

- the number of customers enrolled in the Prepay Program;
- the number of low-balance alerts sent broken down by 5-, 3-, and 1-day;
- the number of customers shutoff and number of customers restored;
- the average length of disconnection for Prepay participants compared to post-pay customers;
- the number of customers that drop out of the Prepay and why, if known;
- the total number of senior citizens and low-income or PTVCs enrolled in Prepay;

- the total number of customers with arrearages that are enrolled in Prepay;
- the total arrearages paid in Prepay;
- the average number of payments made per month;
- the measurement of changes in energy usage for Prepay participants;
- the reporting to examine self-deprivation behaviors including reduction in energy usage that reduces the quality of energy usage and reduction in non-energy expenditures motivated by the need to prepay for energy;
- the average balance maintained by Prepay customers;
- the number of customers who join Prepay with arrears and the average arrears balance; and
- the number of new payment agreements entered into, completed, and failed.

The Commission also encourages the annual or final report regarding the Prepay program to include any adjustments made to the program.

The Commission further finds that because it is denying DTE Electric's Prepay Program application as presented, an evaluation of the requested waivers is unnecessary and might lead to confusion should DTE Electric choose to refile as a pilot program.

THEREFORE, IT IS ORDERED that the application filed by DTE Electric Company requesting approval of a Prepay Program and waiver of the Consumer Standards and Billing Practices for Electric and Natural Gas Service is denied. Should DTE Electric Company opt to pursue the proposed program as a pilot program, it shall comply with the October 29, 2020 order in Case No. U-20645 and include the additional information identified in this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Daniel C. Scripps, Chair

Tremaine L. Phillips, Commissioner

Katherine L. Peretick, Commissioner

By its action of December 21, 2022.

Lisa Felice, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

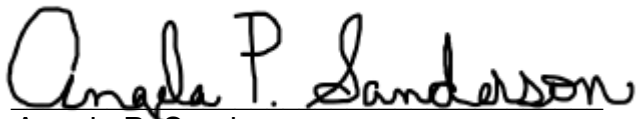
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County of Ingham)

Brianna Brown being duly sworn, deposes and says that on December 21, 2022 A.D. she electronically notified the attached list of this **Commission Order via e-mail transmission**, to the persons as shown on the attached service list (Listserv Distribution List).


Brianna Brown

Subscribed and sworn to before me
this 21st day of December 2022.



Angela P. Sanderson
Notary Public, Shiawassee County, Michigan
As acting in Eaton County
My Commission Expires: May 21, 2024

Service List for Case:**U-21087**

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