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## NEWS RELEASE

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### **Commission approves settlement agreement allowing \$733,000 rate increase for Northern States Power Co.**

The Michigan Public Service Commission today approved a settlement agreement that permits Northern States Power Co. of Wisconsin (NSP-W) to implement a \$733,000 rate increase ([Case No. U-21226](#)).

NSP-W, part of Xcel Energy, serves about 6,000 natural gas customers in the western Upper Peninsula. Under terms of the agreement, the rate increase will take effect Jan. 1, 2023.

In addition, the Commission authorized the utility to raise rates by \$120,000 each year in 2024 and 2025 to fund \$1.2 million for gas pipeline capital investment for the company's distribution integrity management program to fund pipeline replacement. Any amounts from the annual \$1.2 million that goes unspent must be refunded to customers.

A typical residential customer using 10,000 cubic feet of natural gas per month will see an increase in their monthly bill of \$11.59 (11.5%) in the first year, and \$1.89 (1.7%) in the second year, for a total increase of \$13.48 (13.3%).

The utility had asked to raise rates by \$989,387 effective in 2023, along with authority to further raise rates in 2024 and 2025 to reflect annual investment of \$1.7 million annually for its gas pipeline replacement efforts.

Under the settlement agreement:

- NSP-W's fixed monthly customer charge will increase by \$1 to \$12 for residential customers and by \$1 to \$23 for small commercial customers.
- The company will not seek to raise rates again before January 2025.
- The company will implement a Low-Income Assistance Service program and will donate \$25,000 for low-income utility bill assistance.
- NSP-W will eliminate fees for customers who pay bills by credit card.

The settlement agreement set NSP-W's authorized return on equity at 9.8%, with an overall rate of return of 6.07%. The rate increase reflects the amortization and refund through 2023 of \$23,488 dollars in under-refund liability from the Tax Cuts and Jobs Act of 2017 as well as \$96,448 dollars of depreciation expense regulatory liability.

NSP-W's last gas rate increase was in 2018.

Attorney General Dana Nessel's office and the Citizens Utility Board of Michigan intervened in the case. NSP-W and MPSC Staff also participated.

## **MPSC lifts prohibition on participation of demand response resources in wholesale energy markets**

The Michigan Public Service Commission partially lifted a more than decade-long prohibition on demand response (DR) aggregation resources participating in regional wholesale power markets, a move that's part of the Commission's ongoing efforts to bolster Michigan's energy capacity ([Case No. U-21099](#)).

The Commission [in December 2010](#) banned Michigan retail DR customers and aggregators of retail DR customers from directly participating in either wholesale market of the two regional transmission organizations, or RTOs, that manage the bulk power grid in Michigan and other states: the Midcontinent Independent System Operator, which covers most of the state, and PJM Interconnection, which covers a portion of southwest Michigan.

Today's order lifts the prohibition for retail commercial and industrial customers and aggregators of retail customers on behalf of retail commercial and industrial customers with a minimum enrolled load of 1 megawatt (MW). The ban remains in effect for retail residential customers and smaller commercial and industrial customers.

The Commission also called for additional customer protections, noting MPSC Staff advocated for a licensing process for aggregators similar to the licensing process the MPSC has specific authority to implement for alternative electric and gas suppliers. The Commission noted that authority to implement licensing procedures that include consumer protections will be desirable prior to Michigan's implementation of the Federal Energy Regulatory Commission's [Order 2222](#) for the aggregation of distributed energy resources more broadly in addition to DR aggregation for residential and smaller commercial and industrial customers. The move comes as MISO works to address reduced capacity across its footprint of Michigan, 14 other states and the Canadian province of Manitoba. Aggregated demand response would add another tool to ensure Michigan has ample ability to meet customer demand for electricity as the state transitions from large, centrally located generation plants to clean, distributed sources of energy such as wind, solar, battery storage, energy waste reduction and demand response.

The Commission in June [sought input](#) from electricity providers and other stakeholders on how to shore up Michigan's electricity resources, seeking comment on ways to bring additional capacity resources to the market to ensure reliable electricity service.

## **MPSC OKs DTE Electric Co.'s special solar contract with Ford Motor Co., amended renewable energy plan**

The MPSC today approved a special contract between DTE Electric Co. and Ford Motor Co. for the utility to build up to 675 megawatts (MW) of dedicated solar projects that would serve the automaker's goal of powering its Michigan manufacturing plants with 100% renewable energy ([Case No. U-21285](#)). The deal, which was announced in August, is the largest renewable energy purchase from a utility in U.S. history.

In addition, the Commission approved DTE's application for an amended renewable energy plan, factoring in rescheduled development of solar projects delayed by supply chain issues and other impacts; the adjustments reflect the company scheduling Ford-specific solar projects in place of already approved projects that have been delayed indefinitely.

DTE Electric plans to build solar operations of 200 MW in 2024 and 350 MW in 2025 to fulfill requirements of the special contract, terms of which remain confidential. The utility contends the special contract and amended renewable energy plan will not alter the plan's revenue recovery mechanism, and the company's renewable energy surcharge for all customer classes will remain at zero.

The special contract is for 35 years, with Ford having the option to terminate the contract with a year's notice in year 25.

The MPSC also directed DTE Electric to file, in future general rate cases, evidence demonstrating that the Ford special contract complies with previous Commission directives on special contracts as well as Michigan Administrative Code R 460.2031.

### **CONSUMERS ENERGY APPLICATION FOR AMENDED RENEWABLE ENERGY PURCHASE AGREEMENT APPROVED**

The MPSC has approved an application Consumers Energy Co. filed for an amended renewable energy purchase agreement contract between the utility and River Fork Solar LLC ([Case No. U-15805](#)). The amendments address pricing adjustments that reflect difficulties in getting the project to meet its initial commercial operation date of May 31, 2021, owing to delayed construction schedules and, later, an amended operation date of March 31, 2022, because of supply chain issues and other challenges. The amended contract approved today moves the commercial operation date to March 31, 2024, and slight price reduction to \$171.9 million over the life of the agreement.

### **MPSC OKS CONSUMERS ENERGY'S AVOIDED COST RATES UNDER PURPA**

The Commission today approved Consumers Energy Co.'s application for approval of its full avoided cost rates under the Public Utility Regulatory Policies Act of 1978 (PURPA) in accordance with the utility's 2018 integrated resource plan settlement agreement ([Case No. U-20165](#)). Avoided costs are the amount an electric utility pays for power produced by renewable energy qualifying facilities under PURPA — equal to

the amount the utility would have to pay to generate the power itself or purchase from another source.

### **MPSC APPROVES MEI TELECOM'S APPLICATION FOR ELIGIBLE TELECOMMUNICATIONS CARRIER STATUS**

The MPSC today approved an application from MEI Telecom Inc. to add a Lifeline designation to its current High Cost Eligible Telecommunications Carrier designation in areas where it was awarded funding through the Federal Communications Commission's Rural Digital Opportunity Fund and the U.S. Department of Agriculture's rural utility service ReConnect Program ([Case No. U-20952](#)). Both federal programs aim to bring high-speed internet service to rural residential and business customers who lack access to broadband.

### **MPSC DENIES DTE ELECTRIC'S APPLICATION FOR APPROVAL OF PREPAY PROGRAM, WAIVER OF CONSUMER STANDARDS AND BILLING PRACTICES**

The MPSC today denied an application by DTE Electric Co. for approval of a prepay program and a partial waiver of Consumer Standards for Billing Practices for Electric and Gas Service ([Case No. U-21087](#)). The Commission, however, found that a properly designed and vetted prepay program could be an innovative way for customers to help manage costs and energy consumption, and the Commission noted that DTE Electric could file the prepay program and waivers as a pilot program. The Commission found that DTE Electric did not provide evidentiary support to properly weigh the potential benefits against the possible harms a waiver of the billing rules might pose — especially to low-income and payment-troubled and vulnerable customers were the program and waivers approved. If DTE Electric refiles the program and waivers as a pilot, the Commission directed the utility to thoroughly address potential harms and provide a thorough cost-benefit analysis to both prepay customers and ratepayers.

### **COMMISSION EXTENDS DEADLINE FOR REPORT ON INTEGRATING EV CHARGING, DISTRIBUTED GENERATION INTO MICHIGAN'S POWER GRID**

The Commission has extended the deadline for a final grid integration report that's part of the MPSC's ongoing MI Power Grid effort begun in 2019 to maximize the benefits of Michigan's transition to clean distributed energy resources ([Case No. U-21251](#)). The MI Power Grid Distribution System Data Access workgroup has been working since July 2022 with the National Renewable Energy Laboratory to examine grid integration issues, including a request by the Michigan Senate in 2020 in [Senate Resolution 143](#) for a report on, among other issues, the integration of additional distributed generation and electric vehicle charging into the grid. Today's order extends the report's deadline from Dec. 31, 2022, to June 30, 2023.

### **DATES, DOCKETS SET FOR UTILITY ENERGY WASTE REDUCTION FILINGS**

The Commission has established filing deadlines and docket numbers for regulated utilities to file energy waste reduction (EWR) plans, reconciliations and annual reports (Case No. U-21311 et al. and Case No. U-21320 et al.). Under Public Act 295 of 2008, all providers of electricity and natural gas service in Michigan are required to establish EWR programs and file them with the MPSC biennially. EWR programs lower energy

use, help reduce the future cost of service, and have saved customers almost \$6 billion in electric costs and close to \$2 billion in natural gas costs since 2009. Today's order applies to Alpena Power Co.; Consumers Energy Co.; DTE Electric Co. and DTE Gas Co.; Indiana Michigan Power Co.; Northern States Power Co.; Upper Peninsula Power Co.; Upper Michigan Energy Resources Corp.; Michigan Gas Utilities Corp., and SEMCO Energy Inc.

**DETROIT THERMAL CONTRACT WITH DETROIT-WAYNE JOINT BUILDING AUTHORITY OK'd FOR SERVICE AT COLEMAN A. YOUNG MUNICIPAL CENTER**

The MPSC today approved a sales agreement between Detroit Thermal LLC and the Detroit-Wayne Joint Building Authority, which owns and manages the Coleman A. Young Municipal Center in downtown Detroit ([Case No. U-21342](#)). The agreement, for 5 years with the option to renew for another 5 years, does not change rates or costs of service for other customers of Detroit Thermal, which generates steam used primarily for space and hot water heating and absorption cooling of more than 100 buildings in greater downtown Detroit.

*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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