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MPSC approves nearly \$50.3 million in cuts to customer bills from 7 utilities following federal corporate tax reduction

LANSING, Mich. – The Michigan Public Service Commission (MPSC) today approved settlement agreements with seven utilities to pass on to ratepayers their savings from the federal tax law rewrite, beginning in July. Three other utilities had no impact from the changes.

Filings were approved for Alpena Power Co., DTE Gas Co., Michigan Gas Utilities Corp., Northern States Power, SEMCO Energy Gas Co., and Upper Michigan Energy Resources Corp. (UMERC). There was no impact on rates for Detroit Thermal LLC, Presque Isle Electric & Gas Co-op, and Wisconsin Electric Power Co. Credit A savings totaled \$50,278,473 for the seven companies.

Rulings will be announced later for Consumers Energy Co., DTE Electric Co., Indiana Michigan Power Co. (I&M), and Upper Peninsula Power Co. (UPPCo).

"Through swift action by the Commission, Michigan ratepayers will experience millions of dollars in refunds on their utility bills starting this summer due to changes in federal corporate income taxes," said Sally Talberg, chairman of the MPSC. "Utilities are benefiting from the tax cuts and their customers should, too."

"This is the first step in lowering ratepayers' utility bills across Michigan as a result of corporate income tax changes," MPSC Commissioner Rachael Eubanks said. "Savings will start to show up on bills in July, with even more reductions in the months to come. Customers are seeing the rate reductions more quickly than anticipated and we appreciate the speed in which utilities responded in making this customer benefit a priority."

The MPSC in February set up a three-step process for utilities operating in Michigan to calculate savings from the Tax Cut and Jobs Act -- which reduced the corporate rate from 35 percent to 21 percent and made other changes to tax rules -- and propose how to pass savings on to customers ([Case No. U-18494](#)).

The first calculation companies were to make is called Credit A and it reflects the majority of cost savings due to customers from the federal tax law changes. Credit A calculations will affect monthly customer bills until a utility's next rate case filed with the Commission is decided with future tax savings factored into rate requests. Bill adjustments in cases decided today will be effective July 1.

How today's MPSC rulings will affect customers of seven Michigan utilities

Utility	Total annualized amount	Monthly decrease (beginning July 1)	Case No.
Alpena Power Co.	\$506,888	\$1.52*	U-20101
DTE Gas	\$38,200,000	\$2.12**	U-20106
Michigan Gas Utilities Corp.	\$2,432,814	\$1.24**	U-20114
Northern States Power Co. electric	\$513,313	None, already part of previous rate case	U-20108
Northern States Power Co. nat. gas	\$67,905 \$8,905	\$0.23 in 2018*** \$0.26 in 2019***	U-20109
SEMCO Energy Gas Co.	\$5,978,884 \$564,717	\$1.74**	U-20115
Upper Michigan Energy Resources Corp.	\$1,384,745 WEPCO \$593,183 WPSC electric \$27,083 WPSC gas	\$1.93*	U-20110

* Rate for residential customer who uses an average of 500 kilowatts a month.

** Rate for residential customer who uses an average of 10,000 cubic feet a month.

*** Rate for residential customer who uses an average of 100 therms a month.

The Commission ruled three utilities had no rate revenue impact from the tax law:

- Detroit Thermal, LLC ([Case No. U-20104](#)): Bill credits are not applicable because the revenue requirement the MPSC approved in Oct. 4, 2016, ([Case No. U-18131](#)) is below the company's projected expenses.
- Presque Isle Electric & Gas Co-op ([Case No. U-20113](#)): As a non-profit, the company is exempt from paying federal income taxes so the TCJA has no impact on costs or rates.
- Wisconsin Electric Power Co. ([Case No. U-20112](#)): Has adjusted the special contract it has with its only Michigan customer, the Tilden Mining Co. L.C. in Marquette County.

After Credit A filings are made, utilities must calculate Credit B, which would determine the tax savings due ratepayers from Jan. 1 through June 30, and Calculation C, which will include the impact of other items, such as excess deferred taxes or bonus depreciation not accounted for under Credits A or B. Savings from Credit B and Calculation C will be decided later this year.

For an Issue Brief about the tax law update and its impact on utilities, [click here](#).

Other rulings today

Gas safety rules updated, submitted for approval: After receiving stakeholder input on new safety standards and testing requirements for gas pipelines, the Commission approved changes to gas safety rules ([Case No. U-17826](#)). The changes include addressing safety concerns for farm tap and master meter facilities, establishing guidelines for records retention, and adopting additional reporting requirements. The rules, which are updated periodically to improve gas line safety throughout Michigan, will now be submitted to the Joint Committee on Administrative Rules for implementation.

Utilities must indicate LIEAF program participation: Electric utilities have until 5 p.m. July 2 to notify the Commission of their participation in the Low-Income Energy Assistance Fund (LIEAF) under P.A. 95, MCL 460.9t ([Case No. U-17377](#)). P.A. 95 gives the Commission authority to set by July 31 of each year an annual funding factor that cannot exceed \$1 per meter per month. The fee applies to customers of investor-owned, municipal, or cooperative electric utilities that participate in LIEAF. Utilities that don't participate can't shut off service to a residential customer between Nov. 1 and April 15 for nonpayment of a delinquent account.

Permanent, expanded telecom licenses granted: Vero Fiber Networks LLC was granted a permanent telecommunications license to provide basic local service throughout Michigan ([Case No. U-20048](#)). The MPSC had granted Vero a temporary license on March 15. Frontier Communications of America Inc. was approved to expand into areas of Michigan served by CenturyLink and independent incumbent local exchange carriers ([Case No. U-20050](#)).

For information about the MPSC, visit www.michigan.gov/mpsc, sign up for one of its [listservs](#), or follow the Commission on [Twitter](#).

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