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FOR IMMEDIATE RELEASE Aug. 28, 2018

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MPSC decides final Credit A tax impact case, saving customers of 10 Michigan utilities \$379.5 million

LANSING, Mich. – The Michigan Public Service Commission (MPSC) today approved lower bills for Indiana Michigan Power Co.'s (I&M) customers in Michigan, completing the first round of rate adjustments prompted by federal tax laws changes. The MPSC has returned a total of \$379.5 million to ratepayers of 10 utilities.

I&M will lower its revenue requirement by \$8,680,852 ([Case No. U-20107](#)) after calculating the impact of the Tax Cut and Jobs Act (TCJA), which dropped the corporate tax from 35 percent to 21 percent. The Commission approval means residential customers who use an average of 500 kilowatt hours will see their bills go down \$1.82 per month beginning in September.

I&M serves approximately 128,000 customers in Berrien, Cass, St. Joseph, Van Buren, Kalamazoo, and Allegan counties in southwest Michigan.

After the TCJA went into effect in January, the MPSC quickly developed a three-step process for utilities to assess their reduced corporate tax liability and pass the savings on to their customers in a timely manner ([Case No. U-18494](#)).

Credit A, announced today for I&M, captures savings going forward and will return to ratepayers most of the money due under the tax law adjustments. The second step, Credit B, figures refunds from Jan. 1 to this summer. The third accounting adjustment, called Calculation C, tallies the impact on customer bills of long-term items not accounted for under Credits A or B. With all Credit A calculations [now completed](#), rate-regulated utilities are working out their Credit B and Calculation C impacts.

The Commission today approved the first Credit B calculation case. Northern States Power Co. (NSP) said in a settlement agreement that the TCJA Credit B impact on its rates is \$135,383 ([Case No. U-20185](#)). Residential customers who use an average of 500 kilowatt hours will see their monthly bills decrease by \$1.85 starting in September. NSP serves 8,965 customers in the western Upper Peninsula.

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

Other action today by the Commission:

MEAP grantees chosen: Nine organizations were awarded grants through the 2019 Michigan Energy Assistance Program, which provides funding to help pay winter heating bills and self-

sufficiency programs. The grants are in conjunction with the Michigan Department of Health and Human Services and are funded by Low-Income Energy Assistance Fund collections. Fund disbursement is pending approval by the State Administrative Board.

Extreme weather condition policies approved: Ten utilities supplied to the Commission amended plans that outline the criteria or factors they follow in suspending disconnection of service to residential customers during extreme hot and cold weather. The policies were approved and filed in [Case No. U-20140](#). The Commission views the protection of utility customers during extreme weather events to be of paramount importance. After reviewing the policies and considering staff input, the Commission is satisfied the policies, in conjunction with other customer protections, will safeguard each utility's ratepayers.

UMERC to install LED lights: Upper Michigan Energy Resources Corp. (UMERC) was authorized to implement in its Wisconsin Electric Power Co. (WEC) Rate Zone an outdoor lighting replacement program ([Case No. U-18437](#)). High intensity discharge (HID) lighting will be swapped out for brighter and more efficient light emitting diode (LED) lights in company-owned street and area lighting, and lights will be converted on a voluntary basis for customers.

Code of Conduct rules updated, resubmitted: An updated version of Code of Conduct rules was approved for all utilities and alternative electric suppliers (AESs) after comments from a public hearing were incorporated ([Case No. U-18361](#)). The new rules are intended to prevent cross-subsidization, preferential treatment, and information sharing between a utility's regulated and unregulated services and programs. They also allow utilities to offer "value-added programs and services" to customers. The rules will be submitted to the Legislative Service Bureau and the Office of Regulatory Reinvention for their formal approvals.

No change in capacity demonstration charge for UMERC: The state reliability mechanism (SRM) capacity charge approved in November for Upper Michigan Energy Resources Corp. (UMERC) will remain in effect ([Case No. U-20130](#)). The charge -- \$229,523/megawatt-year, or \$629/megawatt-day -- would be collected from electric choice customers of alternative electric suppliers (AESs) if an AES doesn't have enough power to serve its anticipated needs.

To look up cases from today's meeting, access the eDockets filing system [here](#).

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