

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to)
issue a report on the state's supply, engineering, and)
deliverability of natural gas, electricity, and propane,)
and contingency planning, as requested by the)
Governor.)

Case No. U-20464

At the February 7, 2019 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner

ORDER OPENING DOCKET

On January 29, 2019, and continuing through February 1, 2019, extremely cold temperatures swept across the Midwest, including all of Michigan. Some cities were colder than parts of Antarctica when factoring in wind chills. On January 30, 2019, a fire involving equipment at Consumers Energy Company's (Consumers') Ray Natural Gas Compressor Station in Macomb County began around 10:30 a.m. and ceased by approximately 3:00 p.m.¹ The fire was contained onsite, and no injuries were reported; however, as a result of the unexpected gas incident at this important facility, coupled with higher-than-forecasted energy consumption, Consumers asked all customers to voluntarily reduce their energy usage to ensure the safety of, and deliverability of natural gas to, the 1.8 million customers the company serves. During this time, Consumers

¹ The Commission is investigating the origin of this fire. See, the February 7, 2019 order in Case No. U-20463.

procured additional gas supplies and increased production at its natural gas peaking storage fields in Northville and St. Clair to assist with delivering natural gas to its customers. Owing in large part to the energy conservation efforts of customers, including curtailments of natural gas and electricity usage by large customers, and assistance between utilities, no shutoffs occurred, and by midnight on January 31, 2019, the emergency public appeal to conserve energy ended for all customers. During this weather event, Michigan utilities were also responding to regional constraints in electricity production across the Midwest.

To apply lessons learned from this experience, Governor Gretchen Whitmer (Governor Whitmer), on January 31, 2019, called upon the Commission to review the state's energy supply and preparedness for emergency situations, requesting an initial report from the Commission by July 1, 2019, with a final report to follow. On February 4, 2019, Governor Whitmer issued a formal, written request (attached to this order as Exhibit A), specifically stating as follows:

I am requesting that the Michigan Public Service Commission review the supply, engineering, and deliverability of Michigan's natural gas, electricity and propane. This review should include at least the following:

- The Commission's current infrastructure planning criteria and methodologies around distribution, transmission, and generation (including contingency plans);
- Existing planning processes for electric and natural gas utilities and best practices for integration;
- Linkages and gaps between real-time operational reliability and infrastructure planning for long-term reliability;
- Demand response and mutual assurance protocols by natural gas utilities and opportunities for enhancement;
- Contingency risks, interdependencies, and vulnerabilities of supply and/or delivery disruptions from physical and/or cyber security threats as well as a rough cost estimate of potential enhancements;

- Adequacy of Commission rules addressing customer safety, reliability and resiliency, and utility notifications;
- Evaluation of the existing gas efficiency program; and
- Identification of areas or types of systems most at risk.

After this assessment, the Commission should complete an initial report by July 1, 2019 that evaluates if the systems are adequate to account for changing system conditions and extreme weather events and identifies recommendations to mitigate risk and ensure safe, reliable energy. Upon the final report, the Commission should direct the utilities to take appropriate action to address any shortfalls highlighted in the report including but not limited to recommendations around changes to energy planning criteria and approaches, regulatory review, and proposed oversight improvements.

Exhibit A, pp. 1-2.

To comply with Governor Whitmer's request, the Commission is opening this docket and directs the Executive Secretary to electronically serve a copy of this order on the entities identified below. The Commission further directs the Commission Staff, in accordance with Exhibit A, to conduct a review of the state's supply, engineering, and deliverability of natural gas, electricity, and propane and to assist the Commission in developing an initial report to be filed in this docket by 5:00 p.m. on July 1, 2019. Thereafter, and following examination of that initial report, the Commission will issue a final report on or before 5:00 p.m. on September 13, 2019, in this docket.

Toward this end, the Commission will reach out to affected industries and other stakeholders to obtain essential information. The Commission thus invites interested persons to comment on the draft outline, to be issued in this docket on February 12, 2019, setting forth the proposed scope for this energy assessment. Comments on the draft outline should be limited to the task at hand; should identify any essential information that the draft outline fails to include or contemplate, or areas that warrant clarification; and must be filed in this docket no later than 5:00 p.m. on February 19, 2019. Written comments should be sent to: Executive Secretary, Michigan Public

Service Commission, P.O. Box 30221, Lansing, MI 48909. Electronic comments may be e-mailed to mpscedockets@michigan.gov. Comments on the draft outline should reference this docket (Case No. U-20464), and all information submitted to the Commission in this matter will become public information available on the Commission's website and subject to disclosure.

Following feedback, the Commission will issue the final outline that will be used as the scope for the energy assessment by March 5, 2019, in this docket. Further, a newly-created webpage and listserv are being developed,² and in a subsequent order, the Commission will also seek public comment on its initial report after it is filed in this docket.

THEREFORE, IT IS ORDERED that:

A. The Commission's Executive Secretary shall electronically serve a copy of this order on each Commission-regulated electric and natural gas utility in Michigan; every licensed alternative electric supplier and alternative gas supplier in Michigan; each cooperative electric and gas utility in Michigan; each municipally-owned electric utility in Michigan; Interstate Natural Gas Association of America; Michigan Oil and Gas Association; Michigan Propane Gas Association; Midcontinent Independent System Operator, Inc.; PJM Interconnection, L.L.C.; International Transmission Company, d/b/a ITC Transmission; and American Transmission Company LLC.

B. In accordance with Exhibit A, the Commission Staff shall conduct a review of the state's supply, engineering, and deliverability of natural gas, electricity, and propane and shall assist the Commission in developing an initial report to be filed in this docket by 5:00 p.m. on July 1, 2019.

C. Any person interested in commenting on the draft outline, to be issued in this docket on February 12, 2019, setting forth the proposed scope for this energy assessment may do so in

² See www.michigan.gov/mpsc for further details.

accordance with this order. Comments on the draft outline must be filed in this docket no later than 5:00 p.m. on February 19, 2019. Written comments should be sent to: Executive Secretary, Michigan Public Service Commission, P.O. Box 30221, Lansing, MI 48909.

Electronic comments may be e-mailed to mpscedockets@michigan.gov. Comments on the draft outline should reference this docket (Case No. U-20464), and all information submitted to the Commission in this matter will become public information available on the Commission's website and subject to disclosure.

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

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

By its action of February 7, 2019.

Kavita Kale, Executive Secretary



EXHIBIT A

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

GARLIN GILCHRIST II
LT. GOVERNOR

February 4, 2019

Chairwoman Sally A. Talberg
Michigan Public Service Commission
7109 W. Saginaw Highway
Lansing, MI 48917

RE: Request of statewide review of supply and deliverability of natural gas, electricity and propane and contingency planning

On Wednesday, January 30, 2019, the Midcontinent Independent System Operator (MISO) issued a maximum generation event and declared conservative operations through Thursday, January 31, 2019 for the region because of forced generation outages and higher-than-forecasted load due to the record-low temperatures. In doing this, Michigan's incumbent utilities, Consumers Energy and DTE Energy, were told to ask their customers with interruptible rates to conserve energy. The combination of this event and a fire at the Consumers Energy Company's largest natural gas storage and delivery facility, lead to disruption and forced the utilities to make broad requests to all ratepayers for voluntary reductions of electric and natural gas usage.

I am requesting that the Michigan Public Service Commission review the supply, engineering, and deliverability of Michigan's natural gas, electricity and propane. This review should include at least the following:

- The Commission's current infrastructure planning criteria and methodologies around distribution, transmission, and generation (including contingency plans);
- Existing planning processes for electric and natural gas utilities and best practices for integration;
- Linkages and gaps between real-time operational reliability and infrastructure planning for long-term reliability;
- Demand response and mutual assurance protocols by natural gas utilities and opportunities for enhancement;

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Chairwoman Sally A. Tallberg
February 4, 2019

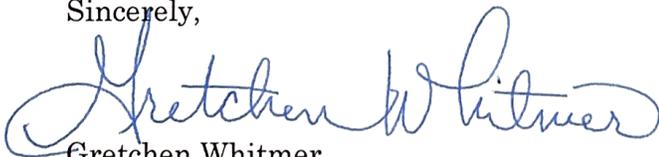
- Contingency risks, interdependencies, and vulnerabilities of supply and/or delivery disruptions from physical and/or cyber security threats as well as a rough cost estimate of potential enhancements;
- Adequacy of Commission rules addressing customer safety, reliability and resiliency, and utility notifications;
- Evaluation of the existing gas efficiency program; and
- Identification of areas or types of systems most at risk.

After this assessment, the Commission should complete an initial report by July 1, 2019 that evaluates if the systems are adequate to account for changing system conditions and extreme weather events and identifies recommendations to mitigate risk and ensure safe, reliable energy. Upon the final report, the Commission should direct the utilities to take appropriate action to address any shortfalls highlighted in the report including but not limited to recommendations around changes to energy planning criteria and approaches, regulatory review, and proposed oversight improvements.

Climate change is producing record-setting temperatures and increasing extreme weather events. With these changes, the state needs to be prepared and Michigan's utilities need to ensure the production and delivery of safe, stable, and reliable energy to all Michiganders. Ensuring that Michigan has safe, dependable energy is key to our quality of life and our economy. We must ensure we have a resilient and reliable grid with adequate generation without ratepayers shouldering heavy costs or exposing citizens to negative health or environmental impacts.

Thank you in advance for your attention to this request.

Sincerely,

A handwritten signature in blue ink that reads "Gretchen Whitmer". The signature is fluid and cursive, with a large initial "G".

Gretchen Whitmer
Governor

CC: Norman J. Saari, Commissioner, Michigan Public Service Commission
Dana Nessel, Attorney General, State of Michigan

PROOF OF SERVICE

STATE OF MICHIGAN)

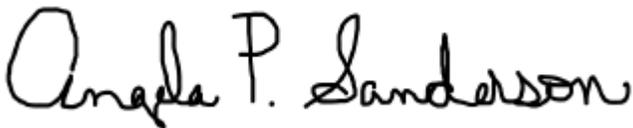
Case No. U-20464

County of Ingham)

Brianna Brown being duly sworn, deposes and says that on February 7, 2019 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 7th day of February 2019.



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

U-20464 Special Distribution

Regulated Electric Utilities/ Electric Cooperatives

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