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NEWS RELEASE

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MPSC approves \$36.4M rate increase for Indiana Michigan Power Co.

The Michigan Public Service Commission today approved a unanimous settlement agreement that permits Indiana Michigan Power Co. (I&M) to raise rates for its Michigan customers by \$36.4 million per year, effective Feb. 1. That amount is nearly 38 percent lower than the \$58.5 million increase the utility had sought ([Case No. U-20359](#)).

All parties to the case, which included a full evidentiary hearing with direct testimony, rebuttal, cross-examination, and legal briefing, negotiated and agreed to the terms of the agreement. As part of the settlement, I&M agrees not to file a new electric general rate case before Jan. 1, 2022, or seek an effective date for new rates prior to Jan. 1, 2023.

A typical residential customer who uses 500 kilowatt hours of electricity a month will see their monthly bill increase by \$12.14, or about 15.03 percent. I&M will receive an authorized rate of return on common equity of 9.86 percent, which results in a calculated rate of return of 6.08 percent, with a common capital equity ratio of 46.56 percent.

The settlement also includes:

- The launch of “IM Plugged In,” a plug-in electric vehicle pilot program that will include rebates up to \$2,500 for workplace, multi-unit dwelling and fleet incentives; and \$20,000 for interstate corridor direct current fast charging infrastructure.
- Creation of a distributed generation (DG) tariff to compensate DG customers for outflow based on I&M’s power supply costs, including transmission. (Read the MPSC’s Distributed Generation Issue Brief [here](#) and a Consumer Tip [here](#)).
- Updated depreciation rates for I&M’s metering infrastructure and guidance on future depreciation case filings regarding the company’s generation assets.
- No changes in the fixed customer service charges for any customer rate class. I&M agrees to withdraw its residential local demand charge, residential declining block rate, voluntary residential and general service demand charge pilot, and EZ Bill proposals.

Intervenors in the case included the Michigan Department of Attorney General; Association of Businesses Advocating Tariff Equity; Citizens Against Rate Excess; Energy Michigan Inc.; Environmental Law & Policy Center; the Ecology Center; Solar Energy Industries Association; Vote Solar; Wabash Valley Power Association; Sierra Club; the City of Auburn, Ind.; Great Lakes Renewable Energy Association, and the Residential Consumer Group.

Consumers Energy to pay \$545K in MISS DIG violations settlement

The MPSC today approved a settlement agreement in which Consumers Energy Co. will pay \$545,000 over violations of the MISS DIG Underground Facility Damage Prevention and Safety Act.

The utility also agreed to implement new procedures and other steps to ensure compliance with the MISS DIG 811 law that governs proper pre-excavation location and marking of underground utility lines in Michigan. The MISS DIG system is a public safety program that helps prevent accidental strikes of underground pipelines and other utility lines while digging. Failure to properly locate and mark utility lines can lead to property damage, injury and loss of life.

The MPSC last June ([Case No. U-20569](#)) ordered Consumers to respond to findings by the MPSC's Gas Operations Section Staff that the company did not mark underground utility lines in a timely manner in more than 20,000 instances where MISS DIG 811 was notified of plans to excavate in April and May of 2019. Staff also found that the utility only partially responded to many other requests for utility marking.

Consumers Energy acknowledged untimely responses while providing mitigating factors for consideration. Under the settlement agreement, Consumers will pay:

- A \$145,000 civil penalty to the Commission that will be used for underground facility safety education and training;
- \$100,000 directly to MISS DIG Systems, Inc., for improvements to MISS DIG;
- And a donation of \$300,000 to The Heat and Warmth Fund (THAW), which provides utility bill assistance to people in need; to the extent practicable, the amount shall be used for the benefit of Consumers customers.

The money Consumers agreed to pay will not be recoverable from ratepayers, under the settlement's terms. Nor will Consumers be able to recover from customers the approximately \$1.7 million in costs the company incurred to eliminate the staking backlog the utility experienced in April and May 2019, or any additional costs related to facility damage incurred by the company due to staking noncompliance.

In addition, Consumers has agreed to implement new staking procedures and provide monthly staking reports to MPSC staff beginning in February and continuing through

Dec. 31, 2021. Consumers and the MPSC also will hold two technical conferences during that period to assess the adequacy of Consumers' new staking procedures and make changes as necessary.

MPSC TAKES ADDITIONAL STEPS IN VOLUNTARY GREEN PRICING CASES

As part of ongoing implementation of utilities' voluntary green pricing (VGP) programs, the MPSC today issued a deadline for filings and comments addressing utility companies' proposals. VGP programs were put in place under the 2016 energy laws (PA 342 of 2016) to allow customers to voluntarily purchase from their utility up to 100 percent of electricity from renewable sources. The Commission ([Case No. U-18349](#)) ordered Upper Michigan Energy Resources Corp. to file its VGP proposal in [Case No. U-18356](#) by Feb. 6. The Commission will accept comments in UMEREC's case until February 20. Meanwhile, the Commission ordered a contested case in Consumers Energy Co.'s [Case No. U-20649](#); the filing deadline for any third parties wishing to participate in the case is Feb. 18. In addition, the Commission said it will accept comments on VGP proposals filed by Alpena Power Co., Indiana Michigan Power Co., Northern States Power Co., and Upper Peninsula Power Co. in their dockets (respectively, Case Nos. [U-18350](#), [U-18353](#), [U-20638](#) and [U-20652](#)) until Feb. 6. Timing for DTE Electric Co.'s case (U-20713) is deferred until after the Commission issues an order in DTE Electric's integrated resource plan case ([U-20471](#)).

MPSC APPROVES CODE OF CONDUCT PARAMETERS FOR INFORMATION SHARING BETWEEN UTILITIES, THEIR AFFILIATES AND THIRD PARTIES

The MPSC today approved Code of Conduct requirements for sharing information between regulated utilities and their affiliates as well as third party competitors of value-added services such as heating and cooling contractors ([Case No. U-18361](#) et al). In September, the MPSC directed Staff to begin creating a website for information sharing and sought comments on issues including data security and privacy and timing of utility response to information requests. Today's order streamlines the process for Code of Conduct filings, sets parameters for certain information sharing and invites comment on three additional issues: free encryption products or services to allow the safe transfer of customer specific data at no cost to non-utility providers of appliance repair and other value-added products and services, simple nondisclosure agreements for the Commission's consideration, and proposed changes to utility data privacy tariffs to conform with the Code of Conduct.

MPSC APPROVES UPDATES TO RULES GOVERNING TECHNICAL STANDARDS FOR GAS SERVICE

The MPSC today approved its first updates to the technical standards for gas service for utilities under the Commission's jurisdiction since 1993. The MPSC in October proposed

the changes ([Case No. U-20608](#)), which include adding cybersecurity standards and reflecting emerging technological advancements in the area of metering, metering equipment inspections and tests. The Commission held a public hearing on the changes in November and received written comments from the Michigan Department of the Attorney General, the Retail Energy Supply Association, DTE Gas Co., Consumers Energy Co., DTE Energy Co., Michigan Gas Utilities Corp., Citizens Utility Board of Michigan and Aaron Adamczyk. The updated rules adopt the American Petroleum Institute's 1164 cybersecurity standard to address emerging threats to the safety and reliability of natural gas service. The standards also remove references to obsolete metering equipment. Michigan's gas technical standards are intended to promote safe and adequate gas service to the public, provide standards for uniform and reasonable practices by utility companies, and to encourage efficiency and safety.

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

To watch a livestream of the MPSC's meetings, click [here](#).

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