



Citizens Utility Board of Michigan

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May 13, 2020

Ms. Lisa Felice
Executive Secretary
Michigan Public Service Commission
7109 W. Saginaw Hwy
Lansing, MI 48917

RE: MPSC Case No. U-20757

Dear Ms. Felice:

Enclosed for filing in the above-referenced matter, please find the comments of the Citizens Utility Board of Michigan. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'A Bandyk', written in a cursive style.

Amy Bandyk
Executive Director
Citizens Utility Board of Michigan

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission’s own motion, to)
review its responses to the novel coronavirus)
(COVID-19) pandemic, including the statewide)
state of emergency, and provide guidance and)
direction to energy and telecommunications)
providers and other stakeholders. /

Case No. U-20757

REPLY COMMENTS
OF
CITIZENS UTILITY BOARD OF MICHIGAN

May 13, 2020

The Citizens Utility Board of Michigan appreciates another opportunity to comment on this case. Since our last comments¹ were submitted April 30, we have read the other comments filed in U-20757 with interest, and also had several conversations with parties involved in this case. As a result of these discussions, and due to the quickly-changing events surrounding the pandemic and the economy, we have some additional points for the MPSC's consideration.

Note: Nothing in the below comments should be construed as support for cost recovery of any measures discussed. Cost recovery needs to be determined with a contested case, or in a rate case.

I.

It is critical that a program that requires a utility to forgive up to \$200 of arrearages for eligible customers (to be defined by the Commission) be implemented. This could be done by order or emergency rule (but any cost recovery should only be approved in the context of a rate case or contested case with access to discovery).

Developments from just this past month show that this crisis will require bolder actions on behalf of vulnerable customer groups than the MPSC and the utilities have discussed so far.

Since the first round of comments were due April 30, the May 8 release of the April federal unemployment report revealed that some of the biggest fears of the economic damage thought to be possible from the pandemic have come to pass: the highest unemployment rate since the Great Depression, with a possibility that things will get worse before they get better.

¹ U-20757-0040.

The MPSC staff rightly points out in its May 8 [presentation](#)² that there are some factors that are helping reduce the energy burden for customers. The cost of electricity is down, as seen by real-time locational marginal prices being down about 30% relative to the same period last year, and residential load is down 11%. Both of those factors will reduce electricity bills. But the employment numbers released the same day as the presentation suggest that these mitigating factors are only marginal benefits for customers compared to what appears to be the largest hit to incomes in a generation or more.

CUB suggests that extraordinary times require extraordinary measures. The comments from DTE, Consumers Energy and other utilities, as well as the staff's presentation, discuss payment assistance plans as a potential solution to ease the burden on customers.

But payment plans are very distinct from (and much less robust than) the debt forgiveness proposal CUB discussed in its previous comments. Under a payment plan, the utility can still recover the full amount of outstanding bills. Under forgiveness, utilities at least temporarily forgo the monies owed in order to help customers get through this crisis.

We refer the MPSC and staff to the 2020 [resolution](#) from the National Association of State Utility Consumer Advocates on *Recommendations Concerning the Effects of the Public Health and Economic Crises Resulting from COVID-19 upon Utility Rates and Services Provided to Consumers by Public Utilities*.³ It recommends that, in addition to “adopting or strengthening bill payment assistance programs,” states should consider “arrearage management or arrearage reduction programs.”

² <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000BY4lwAAL>

³ https://www.citizensutilityboard.org/wp-content/uploads/2020/05/2020-01-NASUCA-COVID-19-Policy-Resolution-Final-5-12-20_.pdf

CUB also thanks the Union of Concerned Scientists for endorsing an arrearage forgiveness program. As UCS wrote in its comments in this case,⁴ “...accrued bill charges suddenly coming due after the state of emergency subsidies would put great economic pressure on many lower-income Michigan families that may already be struggling to recover and pay their bills. The MPSC could consider implementing forgiveness of outstanding balance programs, with eligibility caps based on income.”

II.

The 150% federal poverty standard used to determine income eligibility is outdated and should be revisited.

In its comments, UCS also suggested that the MPSC should “establish temporary percentage of income rates that utilities can charge customers who cannot afford the standard rate.”

This is a good suggestion, but CUB would like to add that current income eligibility standards used by the MPSC are in need of review. A household must fall under 150% of the federal poverty line in order to qualify for programs such as winter protection. This standard that prevails in normal economic times is likely inappropriate for this crisis. CUB urges the commission to consider that it has been some time since this criterion was updated, meaning it was likely out of date even before this crisis began. It is now particularly urgent to revisit which customers are in need of assistance.

CUB also asks the MPSC to consider the long-term in addition to the short-term. An economic recession could persist for years, so the end of a formal state emergency (hopefully

⁴ U-20757-0061.

some point soon in 2020) does not mean that expanded income eligibility should necessarily end with it. For additional customer assistance that comes out of this case, the MPSC should not prescribe end dates now, but instead should put the assistance in place indefinitely and set up a schedule to review the measures periodically in light of changing economic situations. This review should occur in the context of a contested case or rate case.

Thank you for your work toward the safety of Michigan residents.

Respectfully submitted,

CITIZENS UTILITY BOARD OF MICHIGAN

By: John R. Liskey
Its General Counsel